



**AMENDED AGENDA
GOVERNANCE & PRIORITIES COMMITTEE
MEETING OF APRIL 23, 2015, AT 9:00 A.M.
COUNCIL CHAMBERS
CITY HALL, 1 CENTENNIAL SQUARE**

Page

CALL TO ORDER

APPROVAL OF THE AGENDA

CONSENT AGENDA

DELEGATIONS

1. Royal & McPherson Theatre Society 5 - 24
--Byron Smith, Chair
--Pat Ferns, Treasurer
--Janis Barlow, Janis Barlow & Associates
--Lloyd Fitzsimonds, Executive Director
Late Item: PowerPoint Presentation

[Addenda]

2. Downtown Victoria Business Association 25 - 61
--Ken Kelly, General Manager

DECISION REQUESTS

3. 2014 Financial Statements 63 - 140
--S. Thompson, Director of Finance
A report communicating the 2014 Financial Statements for review and acceptance.
4. 2015 Property Tax Rates 141 - 150
--S. Thompson, Director of Finance
A report recommending the 2015 Tax Rates for consideration and approval.
5. Proposed Alignment of Grants Program with City of Victoria 2015-2018 Strategic Plan 151 - 169
--S. Thompson, Director of Finance

- A report proposing a new financial Grants Program with a phased implementation period.*
6. Application for a Liquor Primary Licence, Helijet International Inc., 79 Dallas Road 171 - 186
 --R. Woodland, Director of Legislative & Regulatory Services
- A report seeking a Council resolution to set a Liquor Licence hearing for an application by Helijet for a Liquor Primary Licence.*
7. Trans Mountain Expansion Project 187 - 237
 --R. Woodland, Director of Legislative & Regulatory Services
- A report communicating information regarding the National Energy Board Hearing for the Trans Mountain Expansion Project and seeking direction on the City's position as an Intervenor.*
- <http://haveyoursayvictoria.com/projects/proposed-increase-in-oil-tanker-traffic>

NEW BUSINESS

8. Amendment to Parks Regulation Bylaw 239 - 243
 --Consideration of a Council member motion postponed at the April 2, 2015 GPC Meeting
Late Item: Correspondence
- [Addenda]
9. Inter-Municipal Correspondence - Nav Canada Assessment Appeal 245 - 248
- A letter from North Saanich requesting the City's support for a BC Assessment Authority appeal of Nav Canada properties.*
10. Motion - Good Neighbour Agreements 249
 --Councillors Alto and Isitt
- A motion requesting that the City work to facilitate better Good Neighbour Agreements.*
11. Motion - Oil Spill Preparedness 251
 --Councillors Loveday and Isitt
- A motion requesting the Mayor write a letter asking for an audit of oil spill preparedness in B.C.*
- 11A. **Late Item:** Motion - Youth Engagement Strategy 253
 --Councillors Coleman & Loveday
- [Addenda]
- 11B. **Late Item:** 2022 Commonwealth Games 255 - 258
 --Mayor Helps & Councillor Coleman

[Addenda]

MOTION TO CLOSE THE APRIL 23, 2015 GOVERNANCE & PRIORITIES COMMITTEE MEETING TO THE PUBLIC

That Governance & Priorities Committee convene a closed meeting that excludes the public under Section 12(6) of the Council Bylaw for the reason that the following agenda items deal with matters specified in Sections 12(3) and/or (4) of the Council Bylaw, namely:

- Section 12 (3) (a) Personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the City or another position appointed by the City
- Section 12 (3) (e) The acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure might reasonably be expected to harm the interests of the City.
- Section 12 (3) (i) - the receipt of advice that is subject to solicitor-client privilege including communications necessary for that purpose.

CLOSED MEETING

ADOPTION OF THE CLOSED MINUTES

12. Minutes from the Closed Meeting held March 26, 2015

CONSENT AGENDA - CLOSED MEETING

DECISION REQUEST

13. Acquisition / Disposition of Land
--*J. Paul, Acting Assistant Director of Underground Utilities & Facilities*
Late Item: Report
14. ~~Legal Advice / Land Acquisition~~ (combined with item #13)
--*T. Zworski, City Solicitor*
15. Land / Licence Renewal
--*R. Woodland, Director of Legislative & Regulatory Services*
16. Land / New Lease
--*R. Woodland, Director of Legislative & Regulatory Services*
17. Appointment / Art in Public Places Committee
--*R. Woodland, Director of Legislative & Regulatory Services*
18. Appointment / Greater Victoria Public Library Board
--*R. Woodland, Director of Legislative & Regulatory Services*
19. Motion - Legal Advice
--*Councillors Isitt and Madoff*

CONSIDERATION TO RISE & REPORT

ADJOURNMENT

 *Janis A. Barlow & Associates*



**Royal and McPherson
Theatre Society,
Victoria:
Strategic and Business
Plan**

**Theatre Consultation
Process 2014**

**My Background
Mainland North American Client Locations**



Myths

Three common questions:

- *When will our theatres break even or make money?*
- *Why should government promote and support the liberal arts?*
- *Government shouldn't be in the business of the arts – can't we get a commercial operator to take over?*

Janis A. Barlow & Associates

3

1. Breaking Even or Making Money

- Theatres are public cultural institutions.
- Have you ever asked:
 - “When is this public library going to make money?”
 - “When is this public museum going to make money?”
 - “When is this public gallery going to make money?”
 - “When is this public school going to make money?”
- Theatres provide variations on all the services provided by these institutions and more.
- If properly run, they should never “make money;” they should continually invest in public programs.

4

Public Cultural Institutions



- Are public charities
- Have long term goals to serve community interests
- Believe creativity leads to prosperity
- Are professionally managed
- Usually involve a public-private sector partnership
- Provide access by artists and audiences to venues

Janis A. Barlow & Associates

5

2. The Value of a Liberal Arts Education

"... a liberal arts degree is useless. There's no money in it. Students should be looking at trade schools."

- Kevin O'Leary

Not *everyone* is cut out to be a tradesperson.

Janis A. Barlow & Associates

6

Some of the Values of a Liberal Arts Education

- In 2010, 76% of York University Drama Graduates were confident in their communications skills and ability to get a job. Only 49% of math graduates were.
- Many drama graduates become corporate communicators or entrepreneurs.
- Nobel prize winning chemist John Polanyi credits the arts for training him to see subtle symmetries.
- Law enforcement agencies use arts to enhance powers of observation and understand motivation and body language.
- J.K. Galbraith noted that "*communities richest in their artistic tradition are also . . . most progressive in their economic performance, ...resilient and secure in their economic structure.*"
- Einstein said, "*creativity is more important than knowledge.*"⁷

What Educational Professionals Say About Partnering with the Arts

Arts in Education stimulate:

. . . academic achievement, social and emotional development, civic engagement, and equitable opportunity.

Involvement in the arts is associated with gains in math, reading, cognitive ability, critical thinking, and verbal skill. Arts learning can also improve motivation, concentration, confidence, and teamwork.

Edutopia Magazine, 2009

8

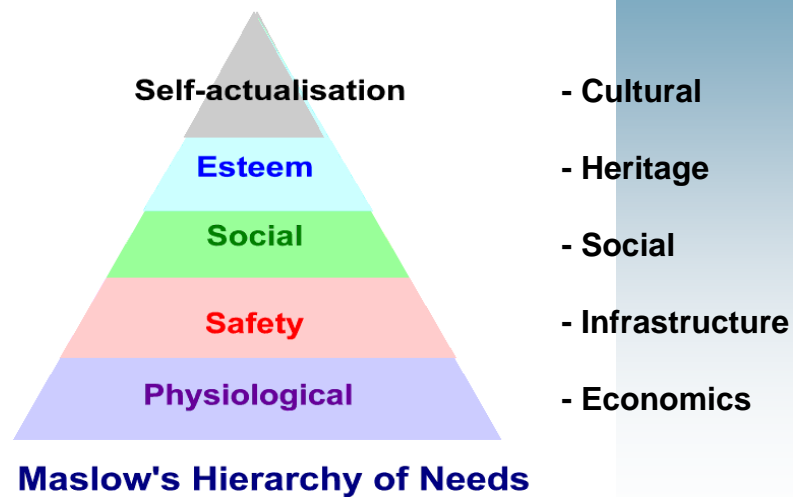
3. Governments vs. Commercial Prospects Operating Theatres

- Commercial and not-for-profit goals are different
- It is the difference between a bookstore and public library
- Not-for-profit theatres are concerned about access, diversity, enlightenment and community interests
- The Creative City Network surveyed 39 Canadian cities:
 - 100% provide some kind of cultural facilities assistance
 - 62% provide operating support in some form
 - 56% directly operate and program a cultural facility
- The RMTS currently has an exceptional management who provide consulting services to everyone who calls.

Janis A. Barlow & Associates

9

Why Governments Support Municipal Theatres to Fulfill Individual and Community Needs:





ENVIRONMENTAL SCAN

Janis A. Barlow & Associates

11

Arts and Culture – Victoria's Vital Signs 2014

- Spending from industry and patron expenditures resulted in **\$177 million GDP in 2013**, up from \$170 million in 2011.
- **3,900** people in Greater Victoria employed in cultural industries in 2012.
- **1,500** people in Greater Victoria employed as artists in 2011. Artists are 0.84% of total employment, higher than the provincial rate (0.74%) and national (0.53%)
- *Victoria does not yet appear to have adopted the four pillar model of sustainability including cultural, social, economic and environmental pillars.*

Janis A. Barlow & Associates

12

Creativity Index

- **Education** – high level - 59% of City of Victoria residents have post- secondary degrees or certifications
- **Occupations** - In 2006, 33.4% of Greater Victoria's workforce was in the Creative Class.
- **Ethnicity** - Only 11.8% are visible minorities primarily comprised of Aboriginal, South Asian and Chinese.
- **Tech-Pole Index** - Greater Victoria scores well in N.A. Tech-Pole index, ranking fourth among similar sized CMAs. Impacts are generated by more than 800 tech. companies that have over 13,000 direct employees.
- ***Creativity drives prosperity.***

Janis A. Barlow & Associates

13

Summary of Demographic Indicators

Demographic indicators suggest an optimum scenario for a high potential of arts audiences in the population and high frequency of attendance.

At the same time, several local organizations report a recent decline in audiences for traditional performing arts and an increase for music festival audiences.

Janis A. Barlow & Associates

14

Rental Venue Categories and Inventory

Name	Type of Staging	Incubator 150-399	Community or Resident 400-799	Small 800-1199	Mid-Size 1,200- 1,799
Metro Studio	End Stage	185			
Belfry Theatre	Thrust	260			
Roxy	Thrust	324			
McPherson	Proscenium		772		
Alix Goolden	Recital Hall			800	
Farquhar Auditorium	Concert Hall			1,051	
Royal Theatre	Proscenium				1,461

Among the professional theatres of Victoria, the McPherson and Royal Theatres have distinct competencies, unique seating capacities and superb urban locations.



VITAL STATISTICS

Janis A. Barlow & Associates

16

Royal McPherson Theatres Society

Vital Statistics	Royal	McPherson
Dates Built, Renovated	1914, Upgrades in 1965, 2014	1914, Upgrades in 2002, 2014
Ownership	CRD	City of Victoria
Governance and mgt.	RMTS	RMTS
Operating Funding	Victoria, Saanich, Oak Bay \$135,000 (2013)	City of Victoria \$350,000 (2013)
Capital Funding	Victoria, Saanich, Oak Bay \$445,000 (2013)	City of Victoria \$400,000 (2013)
Operating funding (2013)	6% of the operating budget	22% of the operating budget
Subsidy frozen since	1998	1998
Seating Capacities	1,416 (1,371 with pit)	772
Proscenium Openings	37'10"w x 32'10"	32 '9"w x 27'9"h
Stage Depth from C. L.	38'6"	27'
Rehearsal Halls	No	No
Business Model	Rental and Ticketing Service	Rental and Ticketing Service

Janis A. Barlow & Associates

17

Current Business Model – “Rentals“

Focused on facility licensing to performing arts, and ticketing and hospitality services for:

- **Music** user groups
- **Opera** user groups
- **Dance** user groups
- **Theatre** user groups

Also, as an ancillary business:

- **Public gatherings for community groups**
- **Private gatherings as available**

Janis A. Barlow & Associates

18

Key Stakeholders /Clients

- Ballet Victoria
- Blue Bridge
- Boston Dance Collective
- Dance Victoria
- Kaleidoscope Theatre Productions
- Pacific Opera Victoria
- Victoria Academy of Ballet
- Victoria Jazz Society
- Victoria Operatic Society
- Victoria Symphony Orchestra

Janis A. Barlow & Associates

19

Preliminary Summary of Client Needs Assessment

- **RMTS** – very professional, reliable, provides excellent box office, front-of-house and technical services
- **RMTS** – rents are reasonable for the services, but increasingly unaffordable for community clients
- **Royal** – lacks available dates and backstage services for musical theatre tours and other entertainments
- **McPherson** - user groups can't afford the rates for the seating capacity. It is too high a seating capacity for most local professional and community performing arts groups. It is perceived that government subsidy should make it cheaper for local

Janis A. Barlow & Associates

20



STRATEGIC PROFILE AND BUSINESS PLAN

Janis A. Barlow & Associates

21

The RMTS Strategic Profile

Strategic Profile:

History – 1914 theatres
Mandate (legal objects)
Values
Program Goals
Mission
Vision

Legal Mandate:

The purpose of the society is to manage the Royal Theatre and McPherson Playhouse in Victoria, British Columbia and to promote and encourage the arts and the establishment, maintenance and management of a civic arts centre or centres in greater Victoria. (2002)

Janis A. Barlow & Associates

22

Program Goals Consistent with Values

- *To inspire Victoria artists and arts groups.*
- *To offer a **first-class**, “A” house for touring artists.*
- *To celebrate the **unique historic icons** of Victoria.*
- *To serve as a **welcoming** community gathering place.*
- *To share **knowledge and resources** re: sustainability.*

Janis A. Barlow & Associates

23

Core Mission Elements

- *Who are you? A NFP Public Service*
- *Whom do you serve? Artists (and Arts Groups)*
- *What do they need? Resources (and Audiences)*
- *How do you serve? Facilities*
- *Why? Community Building*

Janis A. Barlow & Associates

24

Current Mission Draft

The RMTS is the not-for-profit public organization that exists to enrich the cultural life of the region.

By managing the historic civic theatres and providing professional services for artists and arts groups, RMTS brings inspiration and creative stimulus to the audiences and communities in Greater Victoria.

25

Benefits of the Performing Arts

- Providing significant **economic and community** impact.
- Serving as partners in **social** problem solving.
- Expressing ourselves, our community values, **identity, heritage**, local and national culture.
- Improving the **quality of community life**.
- Encouraging **democratic and experiential dialogues**
- Hearing the **alternative voices** and perspectives on our social, economic and environmental conditions.

Janis A. Barlow & Associates

26

Proposed Lines of Business From Renter to Resource Provider

The “rental” or facility licensing business is appropriate for the ownership and market area of Victoria. **Rental** uses should be facilitated, curated and cultivated on occasion and **presenting** (with sponsorship) may be an exception to the rule to address gaps and perceived community needs.

The proposed lines of business of the RMTS are all tailored to arts, community and corporate groups:

1. Facility Licensing

27

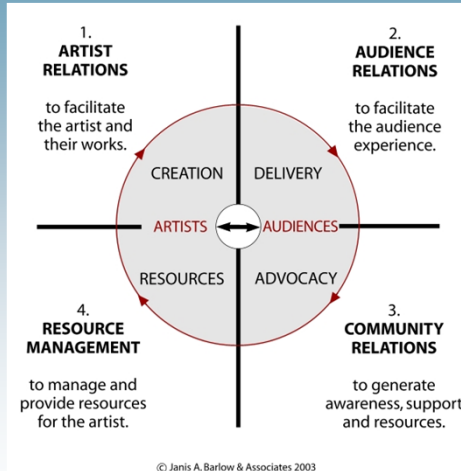


OPERATIONAL MODEL AND RESOURCE ASSESSMENT

James A. Barlow & Associates

28

The Functions of the Arts Management Cycle



1. **Artist Relations** – to serve the artist and client groups and enhance their presentations.
2. **Audience Relations** – to serve and develop audiences and offer hospitality to all.
3. **Community Relations** – to promote the value of the arts and develop resources.
4. **Resources** – to manage and provide resources for the artists and arts groups and ensure the maximum benefit to the community.

Janis A. Barlow & Associates

29

Typical Delivery of Theatre Operational Goals



Janis A. Barlow & Associates

30

Distinct Resource Competencies

Clients/Arts Groups need audiences and resources

- **People** – deeply professional staff with skills, expertise, longevity and perspective on resources and audiences; a board skilled in the cultural sector and government
- **Facilities** – unique in the CRD - the first-class, traditional heritage, “A” house and playhouse theatres in Victoria;
- **Equipment** – state-of-the-art equipment shared by groups that wouldn’t be able to acquire them, and;
- **Financing** – self-financing staff, facility operations and equipment, use by local NFP companies is subsidized.



BUSINESS DEVELOPMENT AND FINANCIAL PLANNING

Janis A. Barlow & Associates

32

Summary of Recommendations

- Research and promote the value of the arts and municipal investment
- Research arts client needs – including venues and marketing to showcase Victoria talent efficiently
- Collaborate with clients to develop effective strategies to increase attendance
- Facilitate mutually beneficial collaborations between RMTS, arts groups, municipalities and sponsors
- Facilitate stronger communications, transparency and accountability techniques
- Seek opportunities to co-present where Victoria has program gaps such as touring children’s theater.

Janis A. Barlow & Associates

33

Business Planning Stats

Royal Theatre Rental Stats	Five Year Average (Stable)	Appropriate Threshold	Notes
Number of Clients	38	35-40	Stable
Number of Shows	82	75-85	Stable
Number of Performances	144	140-150	3 perf/week
Number of Use Days	250	235-245	50 wks/yr
Number of Maintenance Days	70	70	1.3 dys/wk
Audience Attendance	116,000	120,000	
% Capacity Sold	57%	50-70%	By program

The Royal would be well served by a studio theatre/rehearsal hall.

Janis A. Barlow & Associates

34

Business Planning Stats

McPherson Playhouse Rental Stats	Five Year Average	Appropriate Threshold	Notes
Number of Clients	36	35-40	Declining
Number of Shows	50	75-85	Declining
Number of Performances	151	140-150	Declining
Number of Use Days	220	220-240	Stable
Number of Maintenance Days	70	70	1.3 dys/wk
Audience Attendance	45,000	45 – 50,000	
% Capacity Sold	39%	35-55%	By program

The McPherson requires a program to support community use of the venue.

It should also have a rehearsal studio to host community development.

Janis A. Barlow & Associates

35

Government Owned Facility Subsidies in 2013 *RMTS has the lowest subsidy of the following Canadian theatres:*

Theatre Centre	Total Seating Capacity	Budget	Subsidy	% of Annual Budget
Calgary EPCOR	3,394	\$10,633,194	\$2,192,808	21%
Charlottetown Confederation Centre	1,482	\$12,534,000	\$4,457,000	26%
Montreal Place des Arts	7,441	\$33,346,610	\$13,400,814	40%
Nanaimo Port Theatre	804	\$1,706,101	\$712,376	42%
Ottawa National Arts Centre	3,670	\$71,387,000	\$39,284,000	55%
Toronto St. Lawrence Centre	1,369	\$6,189,000	\$1,470,452	43%
Toronto Centre for the Arts	1,236	\$6,189,000	\$1,239,000	20%
Vancouver Civic Theatres	6,352	\$8 million inc. Bldg Services	'Building Services	25%
Victoria RMTS	2,188	\$3,291,362	\$485,000	12%

36

Business Development Observations

- The Royal is a stable operation. To host a greater diversity of popular programming, staging facilities should be expanded; to host larger audiences, the front-of-house requires expansion.
- The Mac is less stable. Its seating capacity is too high for rental by many local groups and too low for commercial tours. (The crew costs are high for the ticket volume.) The Mac requires a subsidy program for local users.
- The Royal and MacPherson Theatres have the lowest operating subsidies in the country at the expense of local performing arts organizations.
- A balanced performing arts center should have a studio theatre and rehearsal hall for greater efficiency, economies of scale and community service.

37

Financial Implications

- A seed investment in community relations and development should be budgeted over three years at about \$175,000 per year with recoveries achieved in the second year and surpluses achieved by the third year.
- Both the Royal and the MacPherson should be receiving an operating subsidy in the range of 25% and the ability to manage their cash surpluses for the benefit of their clients.
- Program initiatives and sponsored presentations should be undertaken on a planned cash recovery basis or modest surpluses.
- Funding for a long term Feasibility Assessment and the sustainable development of a civic arts centre should be sought for execution of the study in 2015/16.

38

Key Results – Repositioning from Arts Venue to an Arts Provider



Janis A. Barlow & Associates

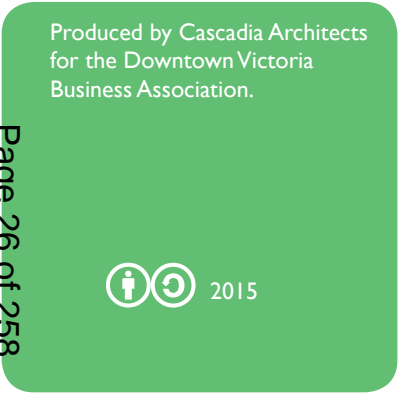
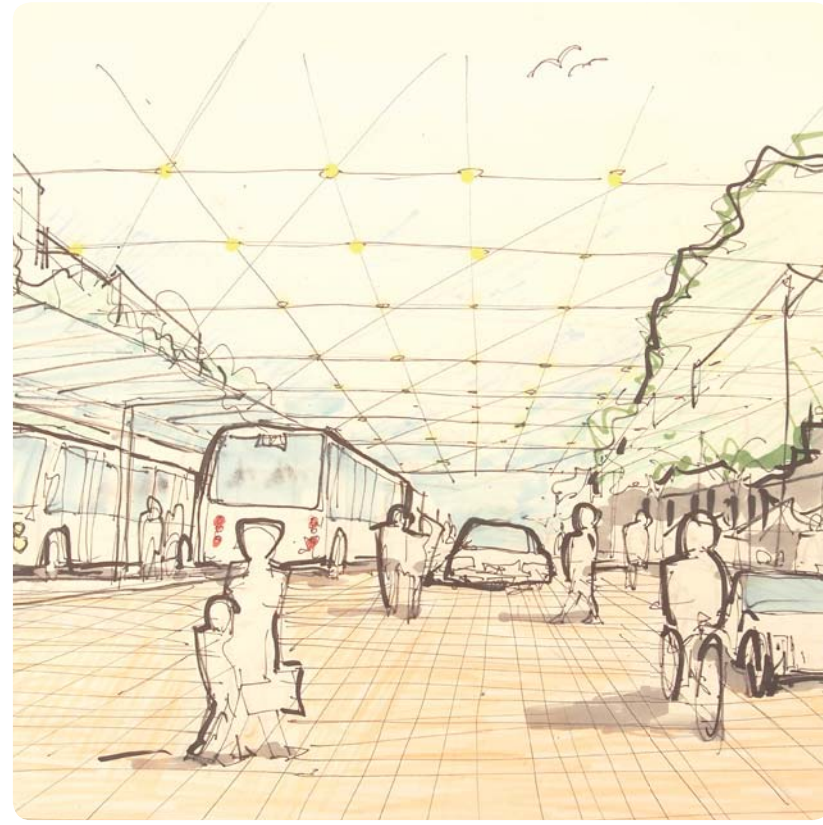
Our medium is theatre
Our strength is people
Our product is community



39

Arriving At Douglas Street





Contents

- Acknowledgments.....4
- Introduction.....5
- Charrette Summary.....6
 - Key Objective
 - Four Concepts
- Putting It All Together.....8
 - The 20 Year Plan
 - In Time
- Getting There From Here.....12
 - Humber Green
 - Mid-Block Crossing
 - Centennial Square
 - Fort Transit Node
- Next Steps.....28
- Appendix.....29
 - Douglas Street: Today and Tomorrow
 - Points of Reference
 - Street Preference
 - Charrette-ing



Thank You!

We would like to thank all of the participants who contributed to the work in this report.

Participants

DVBA Members

Paul Smith
Matt Fraleigh
Aaron Hall
Carol Pharo
Paul daCosta
Margaret Lucas
Eric Donald
Grant Olson
Jeff Turner
Gail Reaney
Ken Kelly

Urban Advocates

Franc d'Ambrosio
John Lutton
Ray Straatsma

City of Victoria

Mike Hill
Robert Batallas
Keith Krese

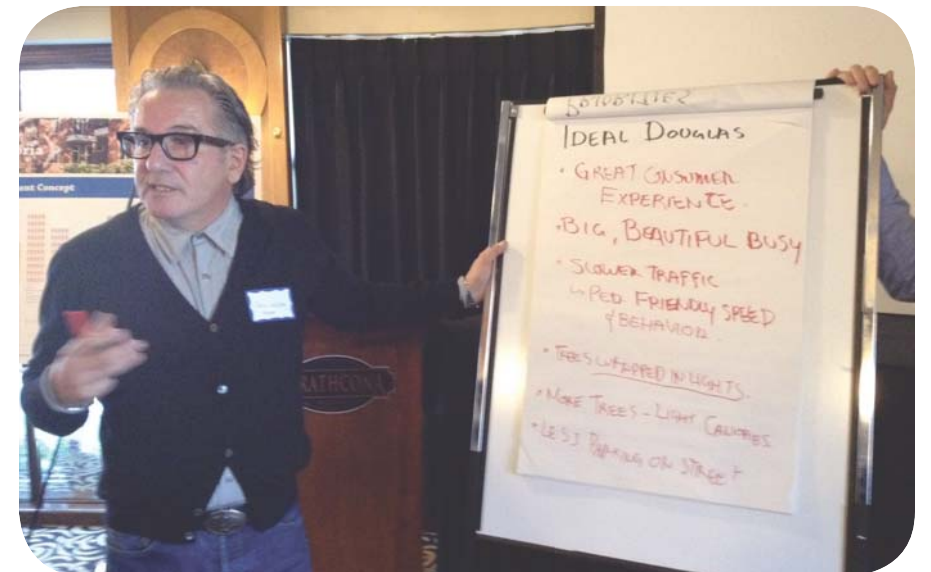
BC Transit

James Wadsworth

We would also like to particularly thank Grant Olson and the Strathcona Hotel staff for hosting the charrette.

Cascadia Architects Team

Greg Damant
Peter Johannknecht
Andy Guiry
Chris Foyd



Introduction

As a gateway, and as the site of vital activity for locals and visitors alike, the section of Douglas Street running from Hillside to Belleville is of critical importance to Victoria as a whole. This document is the result of an initiative by the Downtown Victoria Business Association (DVBA) to find opportunities for improving the quality of Douglas Street along this length.

This is being undertaken within the context of Victoria's Official Community Plan and the regional importance of Douglas as a transit corridor. This area has been divided into three parts, which have different conditions necessitating varied design responses. Each study has an accompanying response that frames the solutions as what we can do in the short, medium, and long term to make improvements.

A charrette was undertaken to discuss Douglas Street with the local business community who are located along the stretch of the street under study.



Summary of Charrette Process



Charrette Schedule

Part 1

9:00 **Hello!**

Check in and introduction by Ken Kelly, General Manager of DVBA

9:10 **Presentations - The Big Picture**

Robert Batallas C o V - History & OCP Summary
James Wadsworth BC Transit Update
Greg Damant Charette Outline
Followed by 5 min. break.

10:30 **Workshop #1: The Big Picture**

Break into three groups for explorations of large scale issues on Douglas Street.

11:30 **Big Picture Summary**

Report back to whole group on session activity.

12:00 **Break**

Don't forget to use up your stickers!

Part 2

12:30 **Presentation - Zooming In...**

Introduction to afternoon session with case studies

1:00 **Workshop 2: Zooming In...**

Break into three groups for detailed explorations of specific locations on Douglas Street.

2:30 **Zooming In... Summary**

Report back to whole group on session activity.

3:00 **Finished**

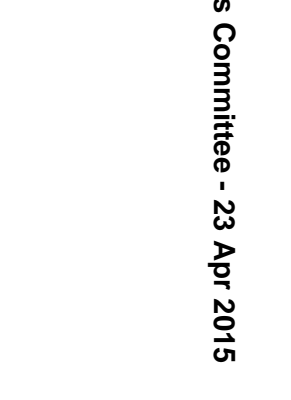
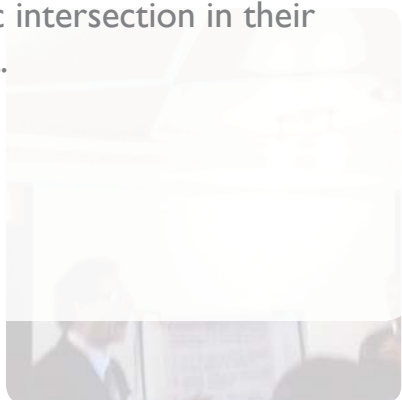
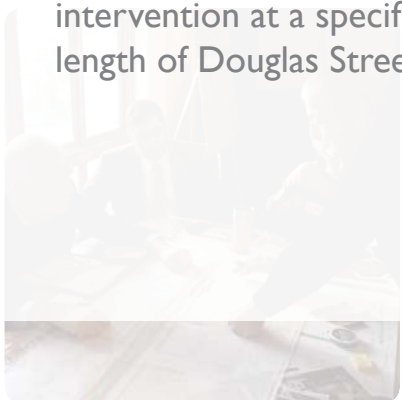
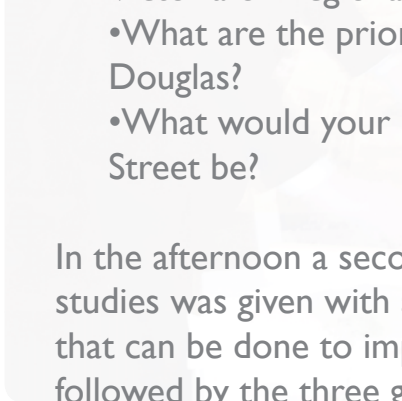
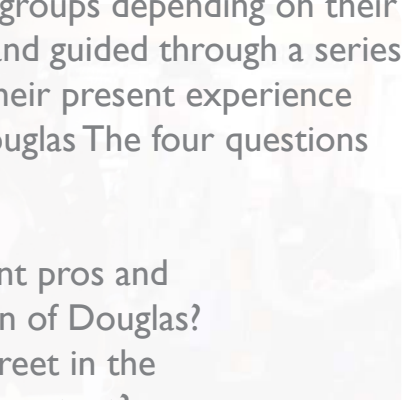
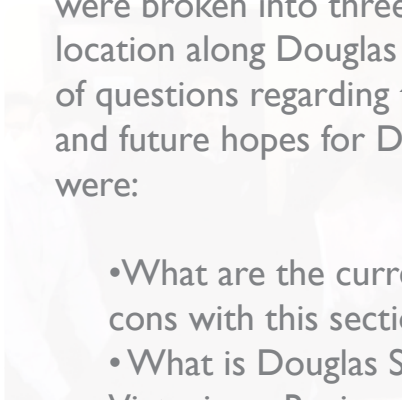
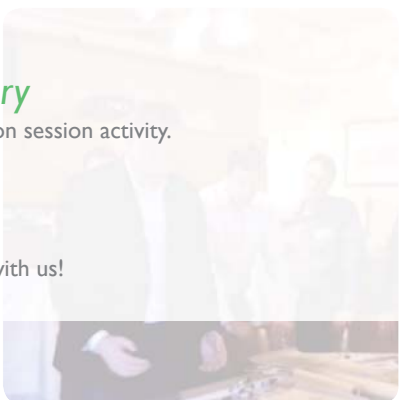
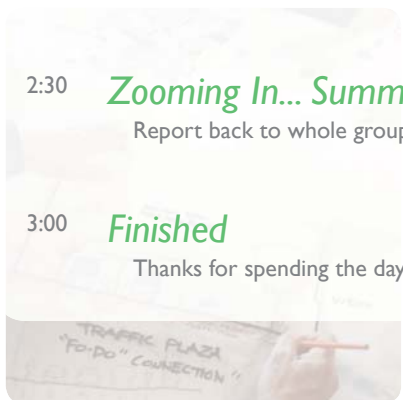
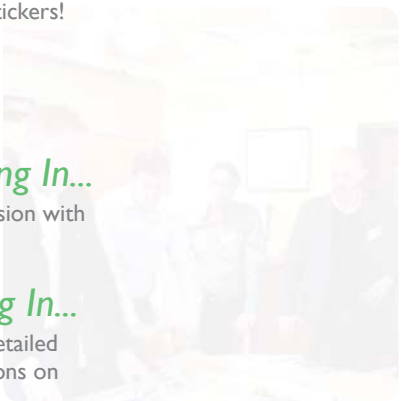
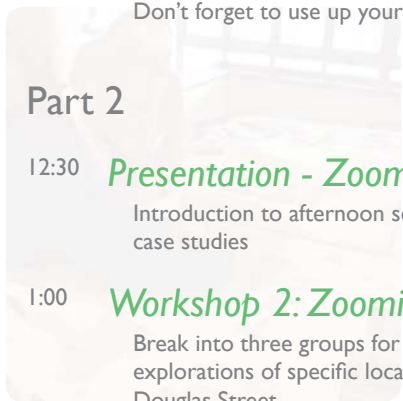
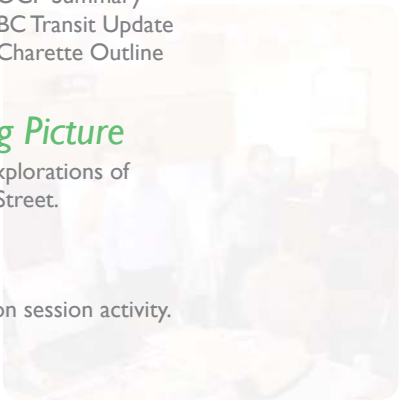
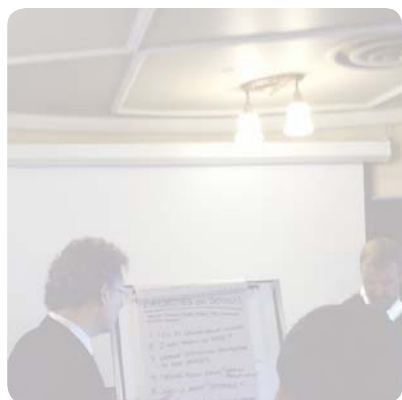
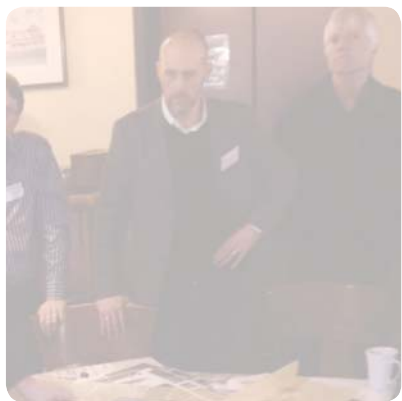
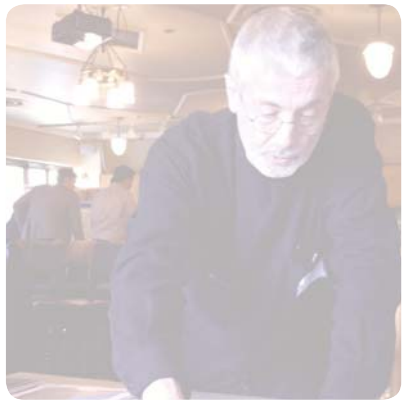
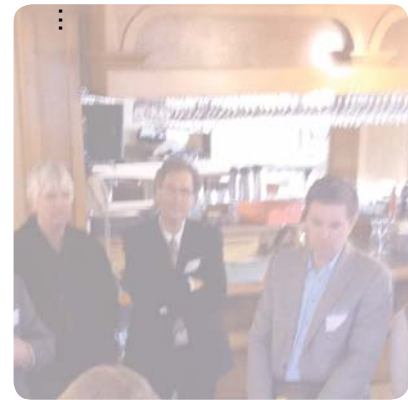
Thanks for spending the day with us!

The morning started with presentations from the City of Victoria and BC Transit on the history and future of Douglas. This was followed by a presentation of design guideline case studies setting out a framework for what makes a great street.

A morning session followed where participants were broken into three groups depending on their location along Douglas and guided through a series of questions regarding their present experience and future hopes for Douglas. The four questions were:

- What are the current pros and cons with this section of Douglas?
- What is Douglas Street in the Victoria or Regional context?
- What are the priorities for Douglas?
- What would your ideal Douglas Street be?

In the afternoon a second presentation of case studies was given with a focus on specific things that can be done to improve streets. This was followed by the three groups working on a design intervention at a specific intersection in their length of Douglas Street.



Key Objective

Create a unified identity for Douglas Street expressing its role as the central corridor into the heart of Victoria.

This objective will be fulfilled through the implementation of four concepts. These concepts are combined to achieve this vision of a consistent and vibrant street. They are:

LIGHTING

Establish a consistent lighting 'canopy' over the street that can be implemented as development occurs. The intensity, density and constitution of the light canopy responds to the activity happening along the street; particularly instances of intensified pedestrian activity.

PEDESTRIAN ACTIVITY

Increase the feelings of welcoming, safety, and interest for pedestrians. Strategies for achieving this are diverse but commonly include changes in paving, additional lighting,

TRAFFIC

Facilitate the transition to sustainable modes of transportation as outlined by BC Transit and Victoria's OCP while ensuring that the street remains an important artery within the city.

CYCLING

The provision of safe and convenient cycling infrastructure is a device for the realignment of Douglas Street traffic lanes in preparation for the established imperative to have regional dedicated transit corridor.

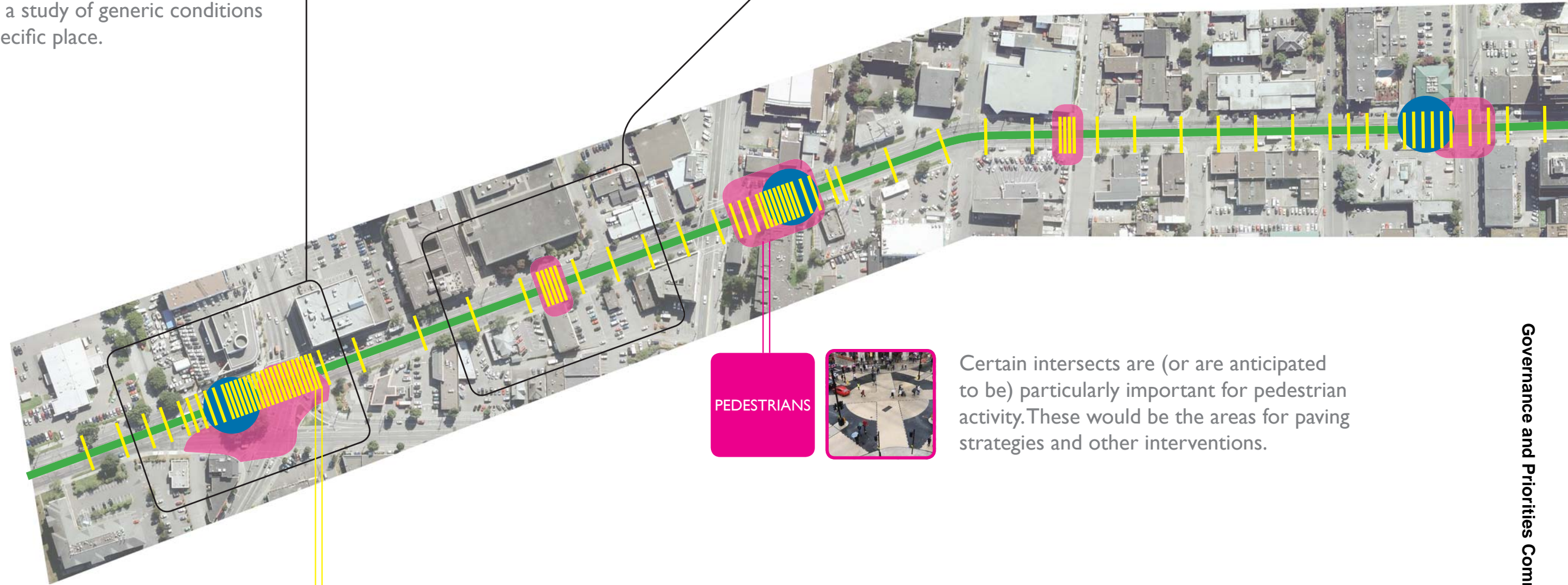
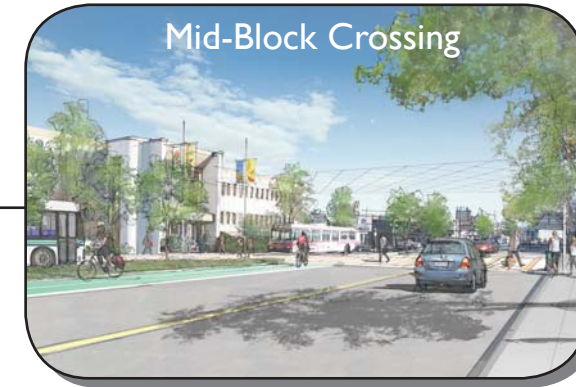
Douglas has a well articulated and important role in the future transit plans for Victoria and the entire CRD, and is planned for a large amount of anticipated growth. These large scale plans will take years and decades to unfold. Yet Victoria, and Douglas Street in particular, does not need to wait for the big pictures plans to come to fruition before things can be done to improve the quality of the streets.



Putting It All Together *The 20 Year Plan*

Douglas Street is particularly ripe for strategic interventions that will have an enormous impact on the image and experience of Victoria. The renderings to the right illustrate a vision of Douglas Street in the decades to come, and the following pages outline a plan for how to get there.

While attention is focused on the four highlighted areas, they are conceived as being applicable to many areas along Douglas. In this way each example is as much a study of generic conditions as it is about the specific place.



LIGHTING



The frequency and intensity of lighting corresponds to the pedestrian activity on the street, here diagrammed as yellow dashes on the plan.

PEDESTRIANS

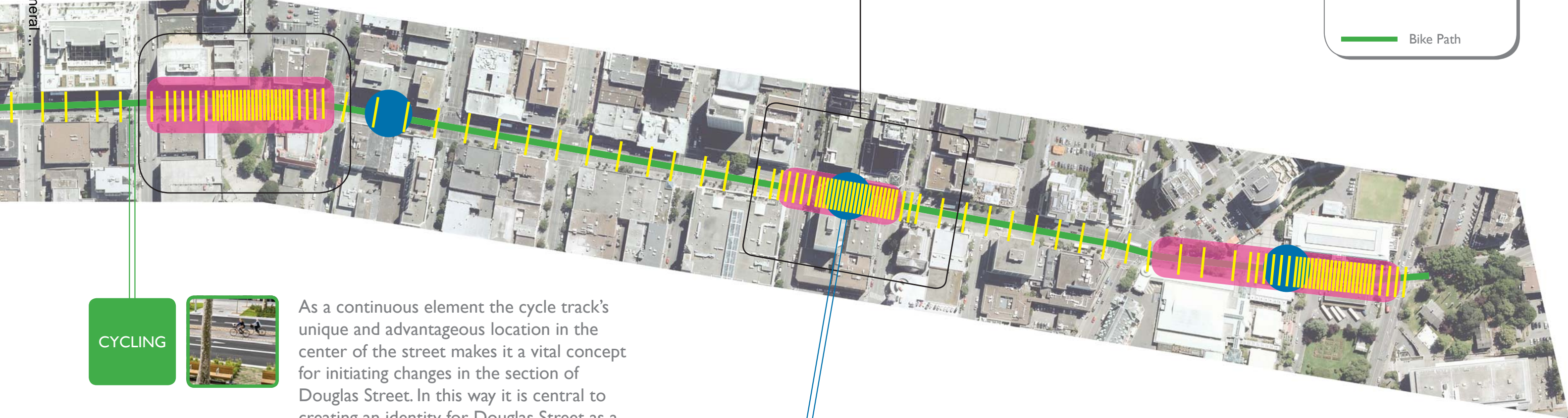


Certain intersects are (or are anticipated to be) particularly important for pedestrian activity. These would be the areas for paving strategies and other interventions.



LEGEND

- Lighting (represented by vertical yellow lines)
- Transit Station (represented by a blue circle)
- Pedestrian Zone (represented by a pink rectangle)
- Bike Path (represented by a green line)



CYCLING



As a continuous element the cycle track's unique and advantageous location in the center of the street makes it a vital concept for initiating changes in the section of Douglas Street. In this way it is central to creating an identity for Douglas Street as a functional and welcoming urban place.

VEHICLES



For cars, buses and commercial vehicles, Douglas Street is an essential corridor, and any plan must make sure it still functions well. High quality transit infrastructure is key to enable Douglas Street to transition into an urban destination where cars are still welcome, but are not the preferred mode of accessing Victoria.

Putting It All Together

The proposals that are part of this vision operate on a particular portion of Douglas Street and within a time-line between present day and the eventual implementation of the long terms plans. Our approach to each intervention is to take the long term plans as a 'given', then operate in possible increments toward that eventual future. This approach is focused on starting with low-risk, low-cost, and high impact interventions that are steps toward the street that Douglas is anticipated to become.

0 TO 2 YEARS

These interventions can take place with relatively little planning and overhead, and are often of a temporary or event type installations. They allow for the testing of an idea before more permanent interventions.

2 TO 5 YEARS

These interventions are more permanent and will take a little more planning and effort to put in place. Often these are improvements that are of a transitional nature in anticipation of a final planned outcome but are well worth the investment in their own right.

10 TO 20 YEARS

These will require time and significant capital to put in place and are the fruition of long term planning processes meant to make Douglas Street the best it can be.

In Time

LIGHTING



PEDESTRIANS



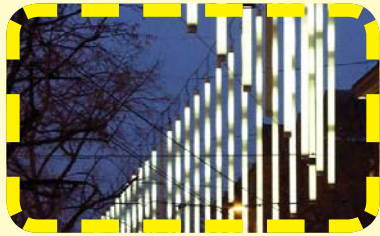
VEHICLES



CYCLING



0-2 YEARS



2-5 YEARS

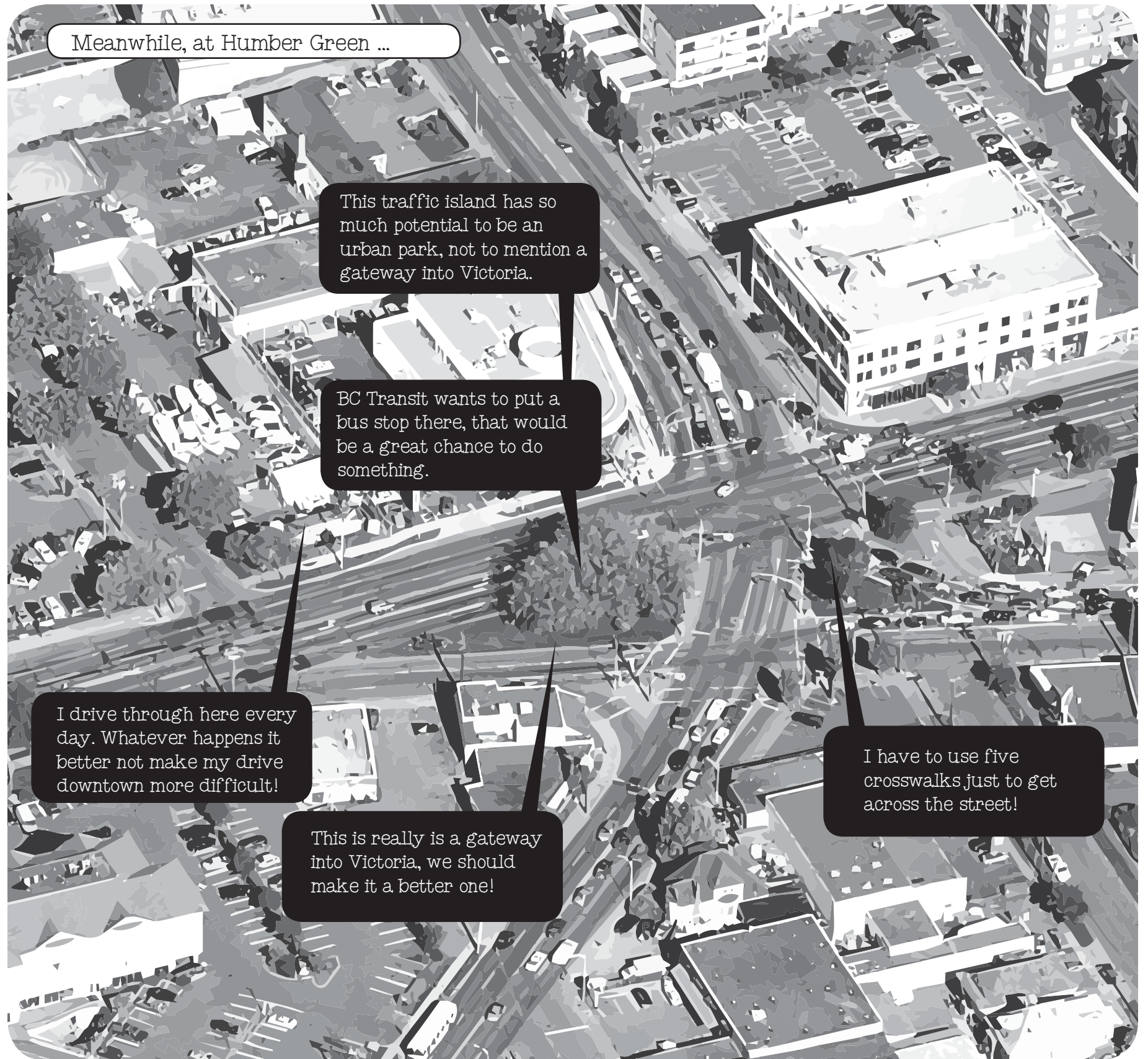
10-20 YEARS

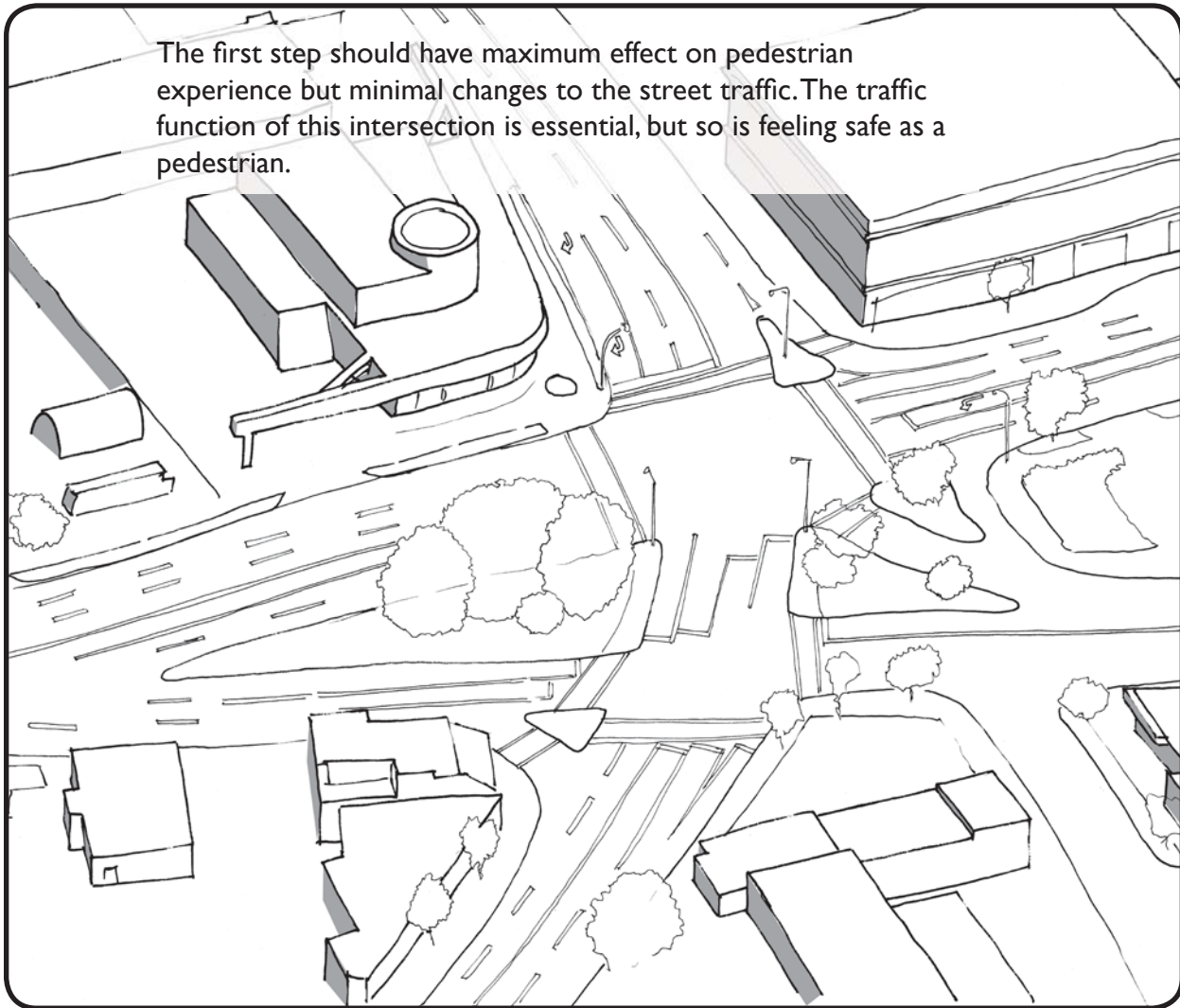
All of the following visioning panels use combinations of colour and dash type to illustrate this spectrum. In the following portion of the report, the vision for Douglas Street is supported by examples from all corners of the spectrum put forward here. The cases shown by no means represent a comprehensive or even cursory example of the variety of exemplary projects already finished or being planned and implemented around the world. They are each used as a signifier for the use of a particular concept within a certain time-frame, where the actual intervention would have similar qualities.

What follows is an exploration of the four specific sites outlined above to work through a vision for Arriving at Douglas Street.

Getting There from Here

Starting at the Northern end of the study area and working toward downtown, the first example is known as Humber Green at the intersection of Hillside Ave., Government St., Douglas St., and Gorge Rd. E. This section of the report adopts a comic narrative style to keep the proposals simple, legible, and process oriented. This allows for the integration of voices from the charrette (shown in comic font) with synthesis coming from the designers to illustrate some of the issues while at the same time proposing some solutions. Each comic is finished with some case studies showing examples of some of the ideas being implemented in other cities. Finally there is a more polished view showing what that eventual future Douglas Street could look like.







While waiting for the lights to change, talk to someone across the intersection with this devise by Karl-Johan Ekeroth.



Activate this space with lights and fabric, such as the ENfold Pavilion by Perkins +Will, and it will lead to something more permanent.



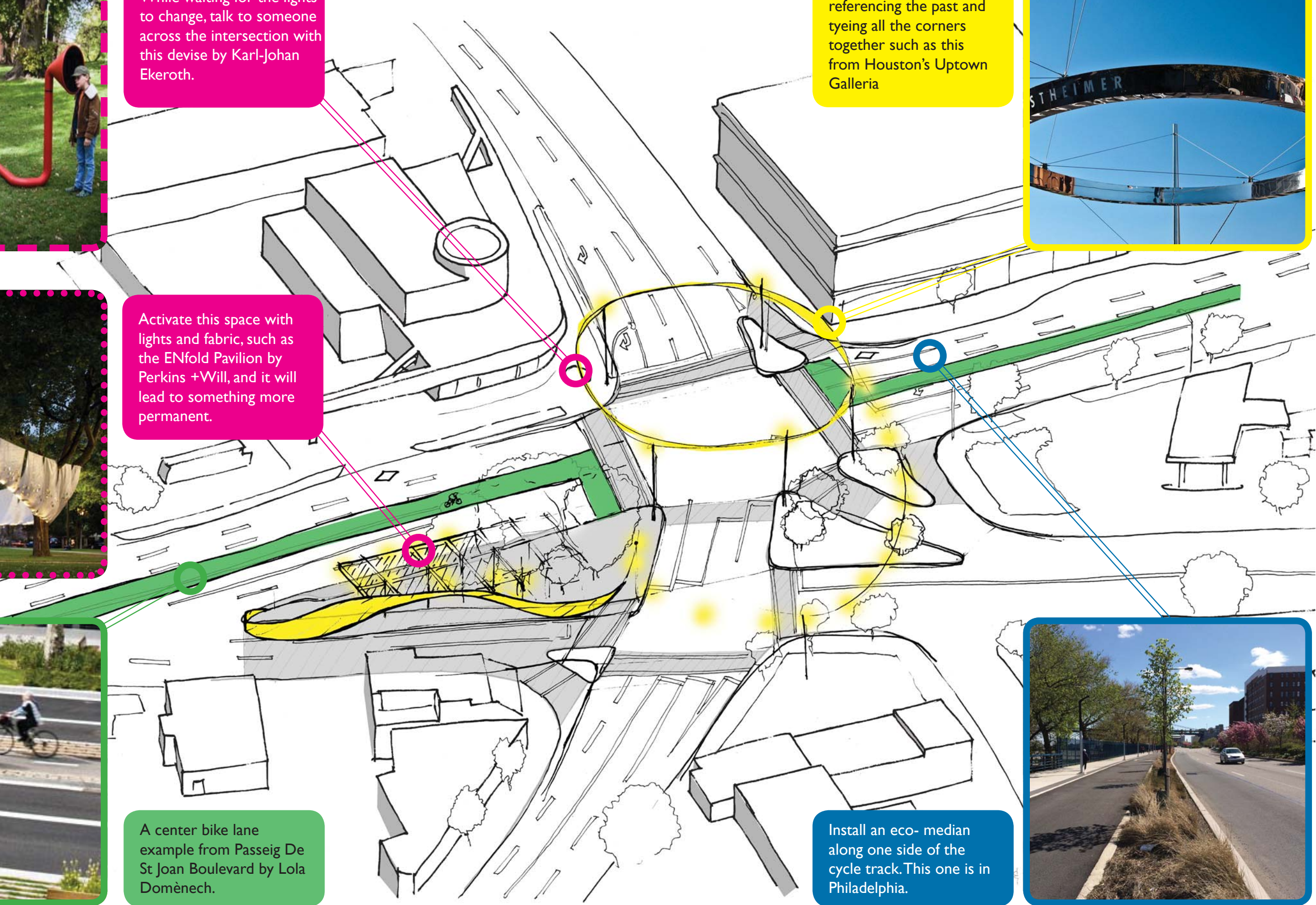
A center bike lane example from Passeig De St Joan Boulevard by Lola Domènech.



A circular lighting element referencing the past and tying all the corners together such as this from Houston's Uptown Galleria



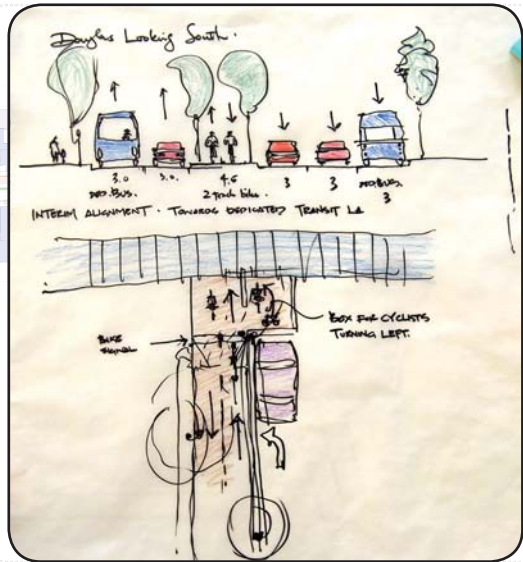
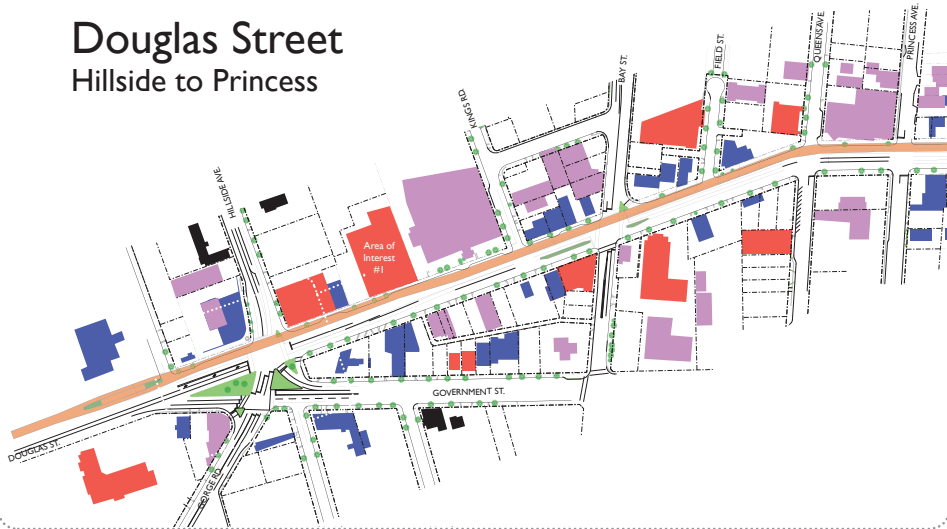
Install an eco- median along one side of the cycle track. This one is in Philadelphia.



In the eventual future at Humber Green...



Douglas Street Hillside to Princess

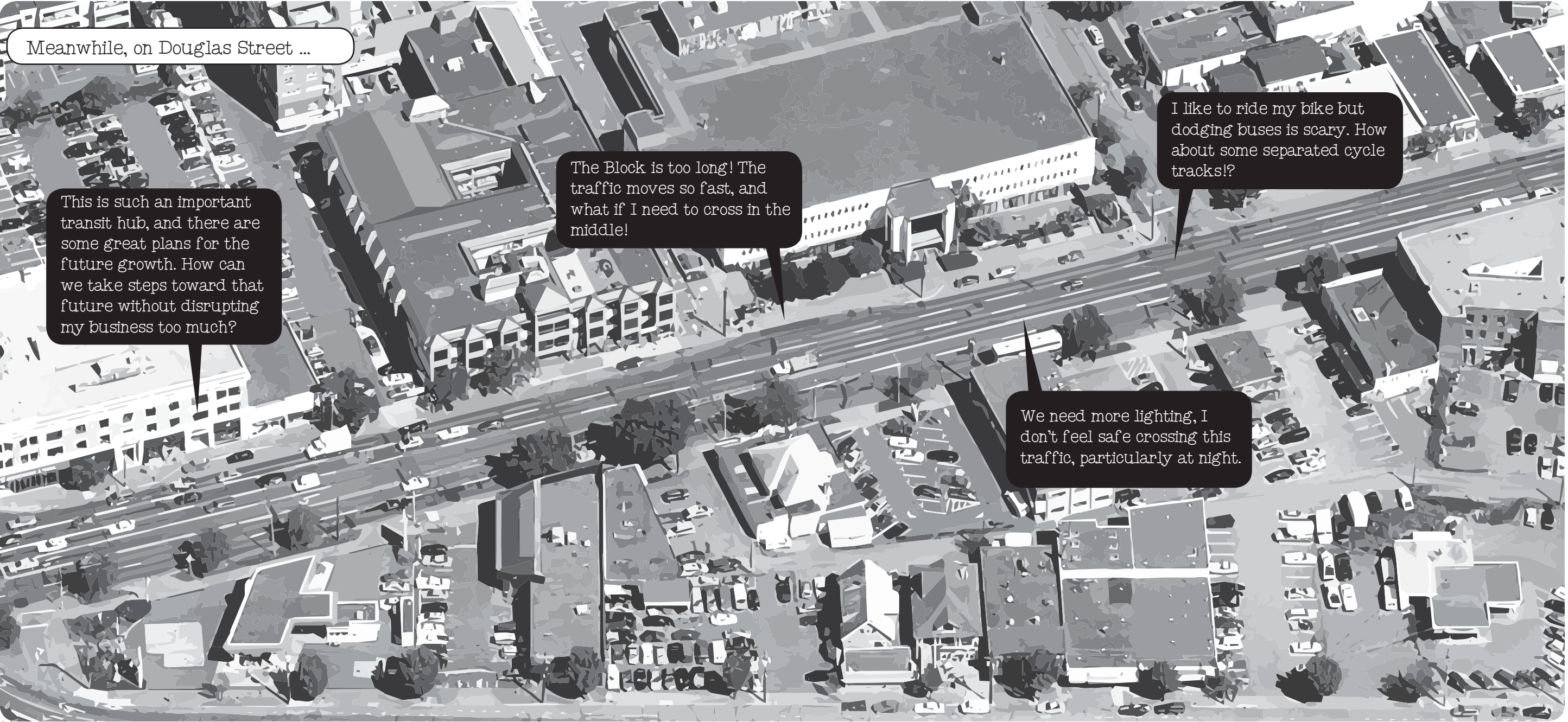


Characterized by low density commercial and light-industrial uses this area is likely going to change the most over the next 20 years.

With all of the official plans calling for significant increases in density, what can be done today to make the street ready for all of that increased pedestrian activity while enabling a gradual change in travel modes as the regional transit plans are put in place?

KEY INTERVENTIONS

- Mid-block crossing
- Lighting
- Center cycle track
- Separated bus lanes



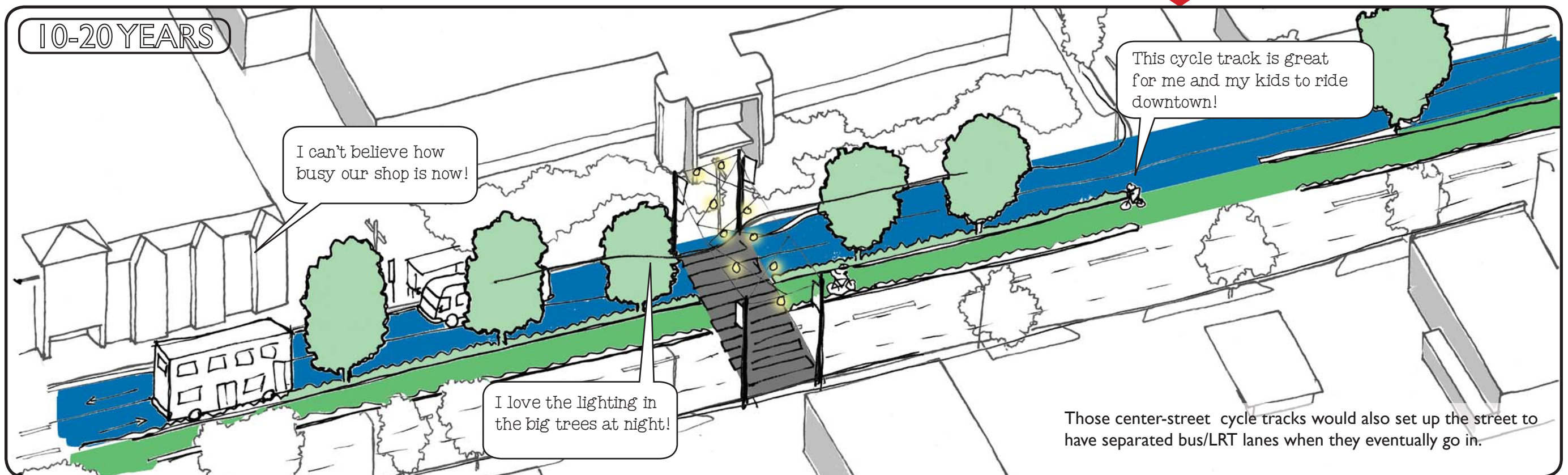
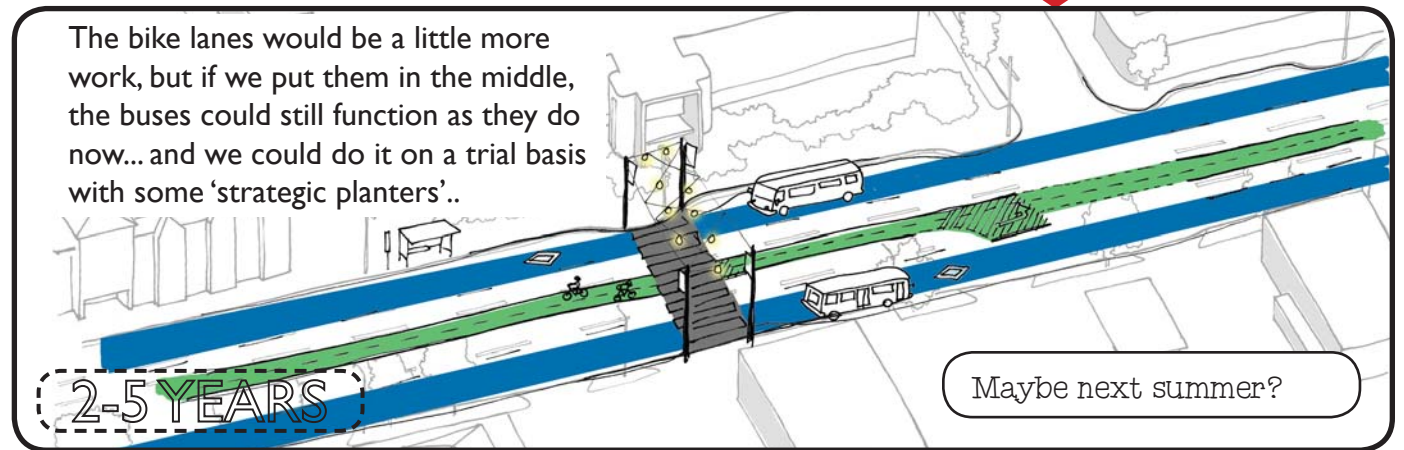
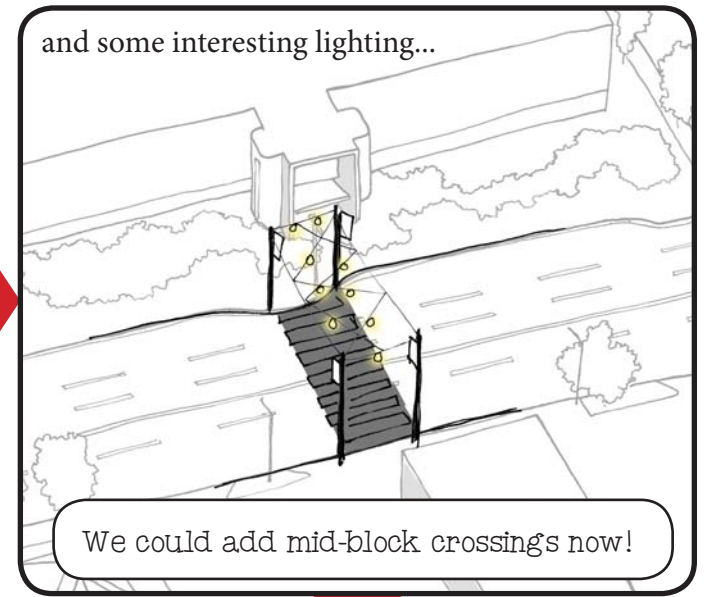
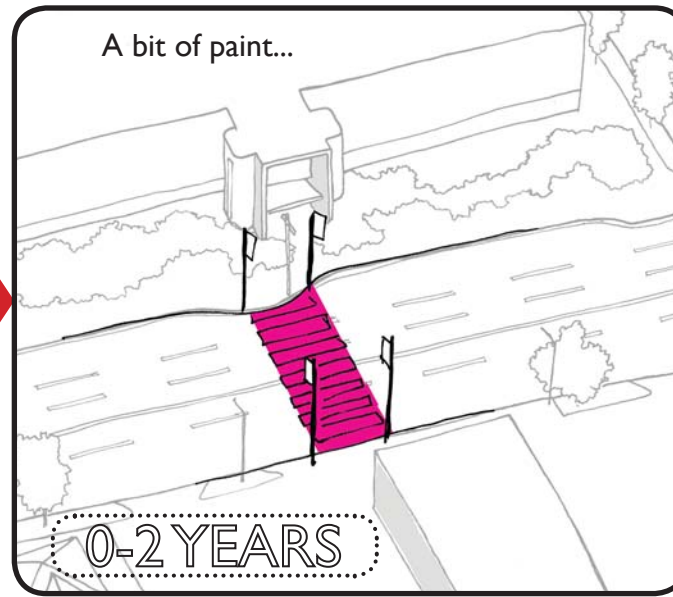
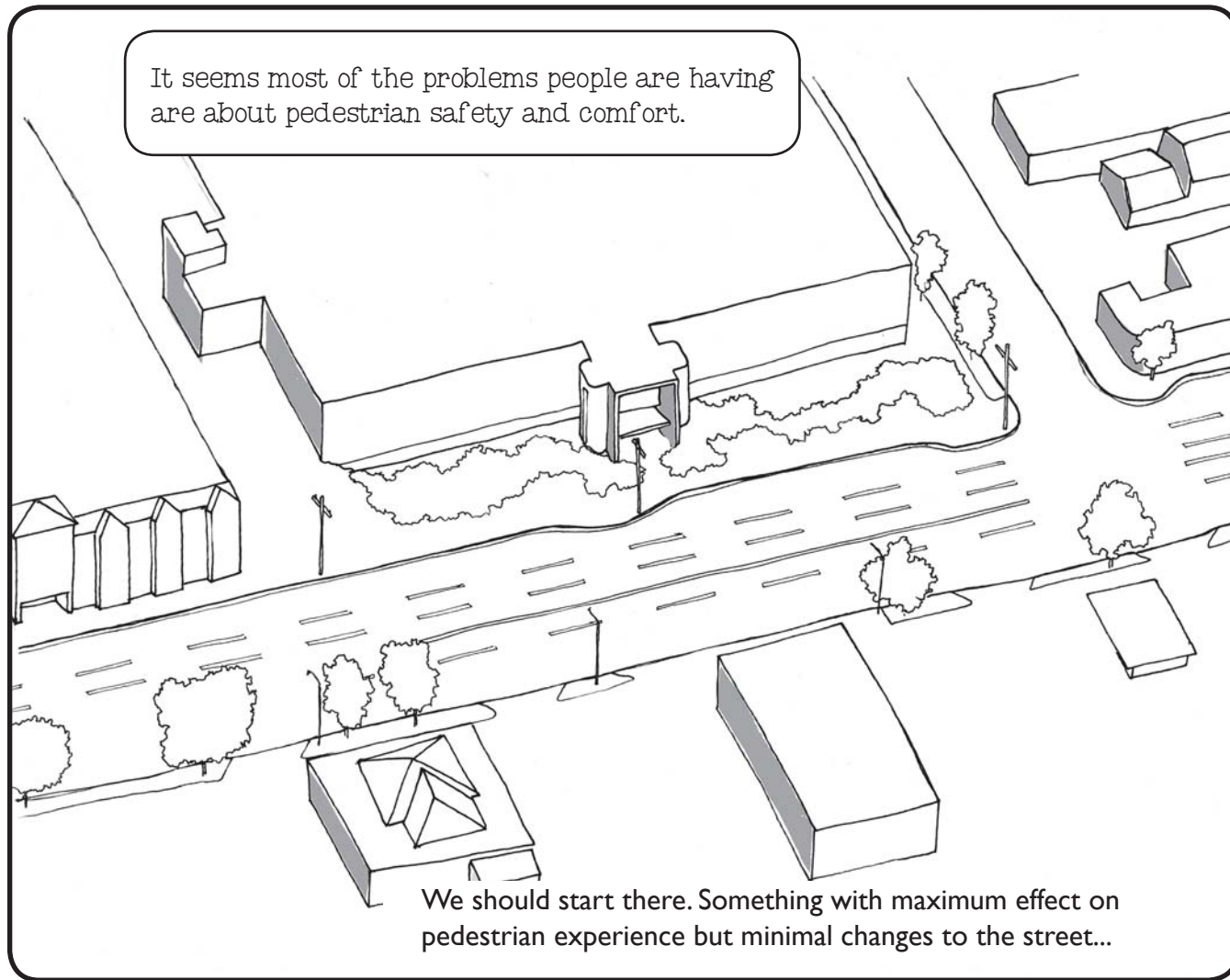
Meanwhile, on Douglas Street ...

This is such an important transit hub, and there are some great plans for the future growth. How can we take steps toward that future without disrupting my business too much?

The Block is too long! The traffic moves so fast, and what if I need to cross in the middle!

I like to ride my bike but dodging buses is scary. How about some separated cycle tracks!?

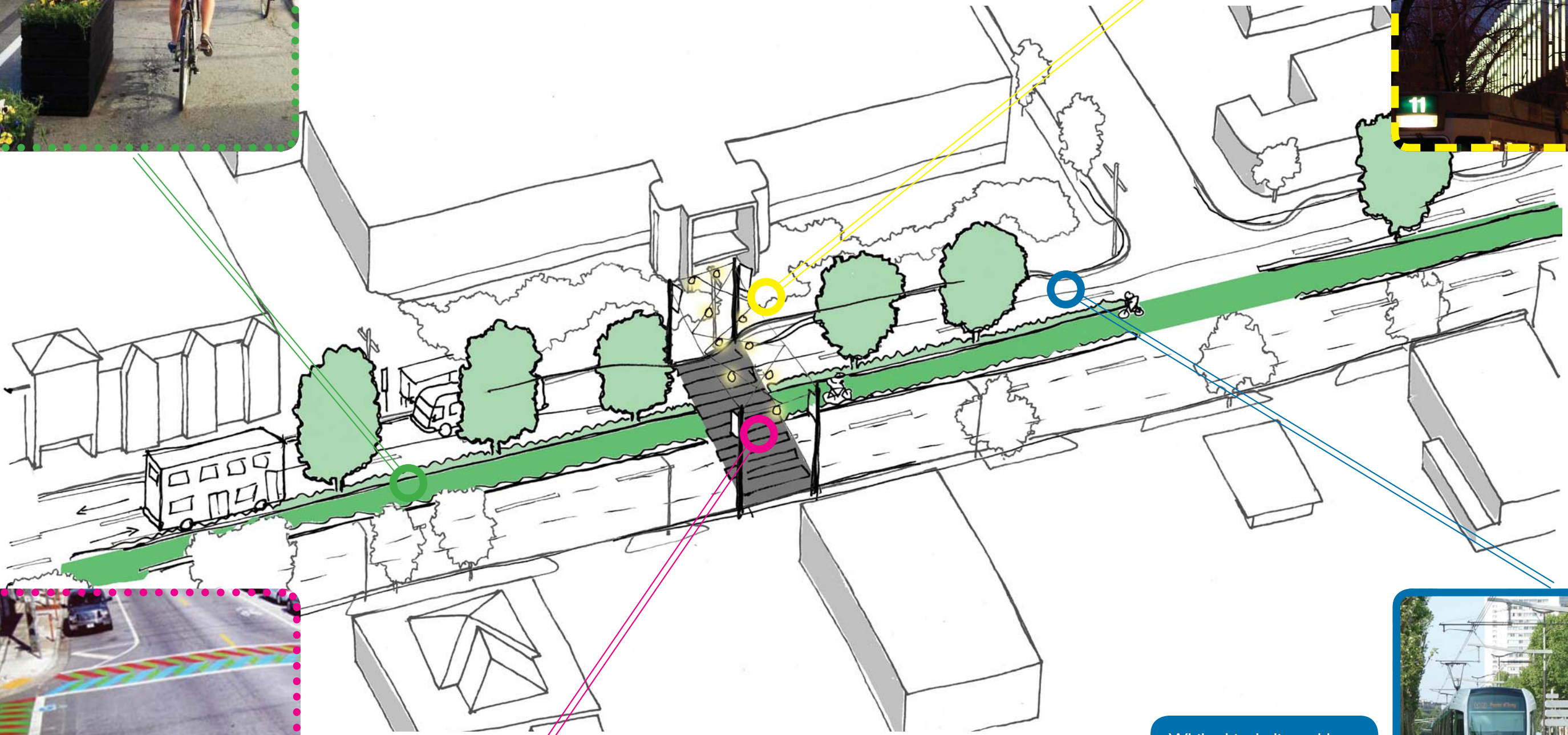
We need more lighting, I don't feel safe crossing this traffic, particularly at night.





Install a temporary cycle track to test the effects on vehicles and cycle ridership.

Light the crosswalks like the Bahnhofstrasse in Zurich, providing interest and safety.



Painted Crosswalk by Carlos Cruz-Diez.
<http://popucity.net/colorful-crosswalks-make-you-dizzy-and-stagger/>

While this dedicated lane would work just as well for buses, green-ways can come with LRT tracks like in Lyon.
<http://citytransport.info/Lawn.htm>

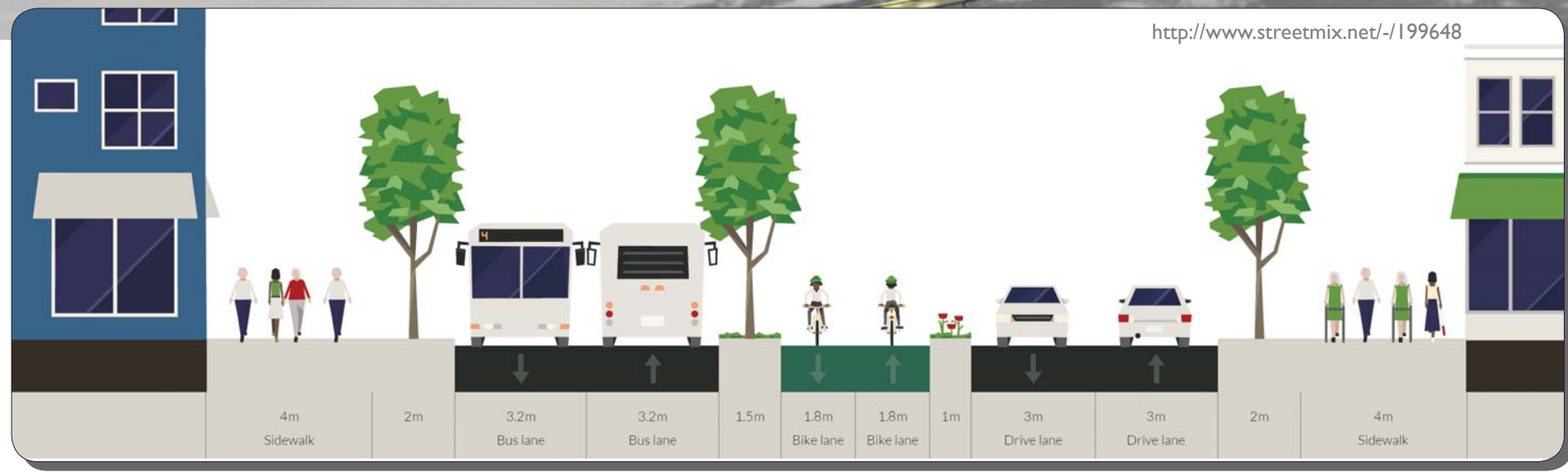


In the future on the same Douglas Street...



Rendering by Chris Foyd

<http://www.streetmix.net/-/199648>





The clear area of importance along this section of Douglas is Centennial Square and City Hall. The focus of this area was what could be changed to make the square more present on Douglas while using the civic importance of the area as a catalyst for extending those qualities to the street itself.



Douglas Street
Princess to Yates

KEY INTERVENTIONS

- Wider crossings
- Urbanizing the square
- Lighting canopy
- Drive-through pedestrian zone
- Separated bus lanes

Meanwhile, on Douglas Street at Centennial Square...

Centennial Square

I love to use the square for a quiet moment away from the street. Or for some food truck eats during the summer

There is a real sense of arrival when passing Caledonia Street on the way into town. It would be great to tie that to Centennial Square!

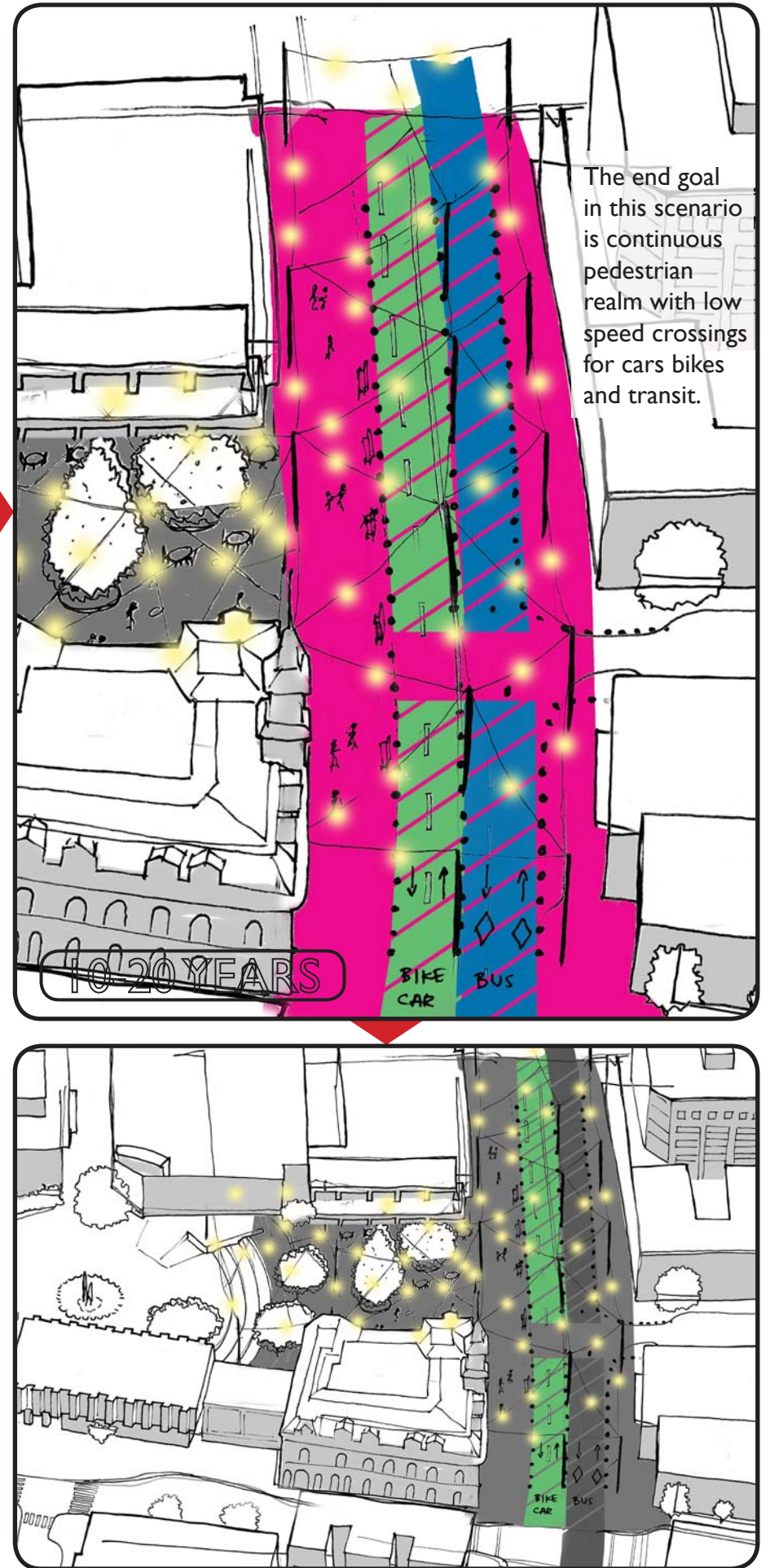
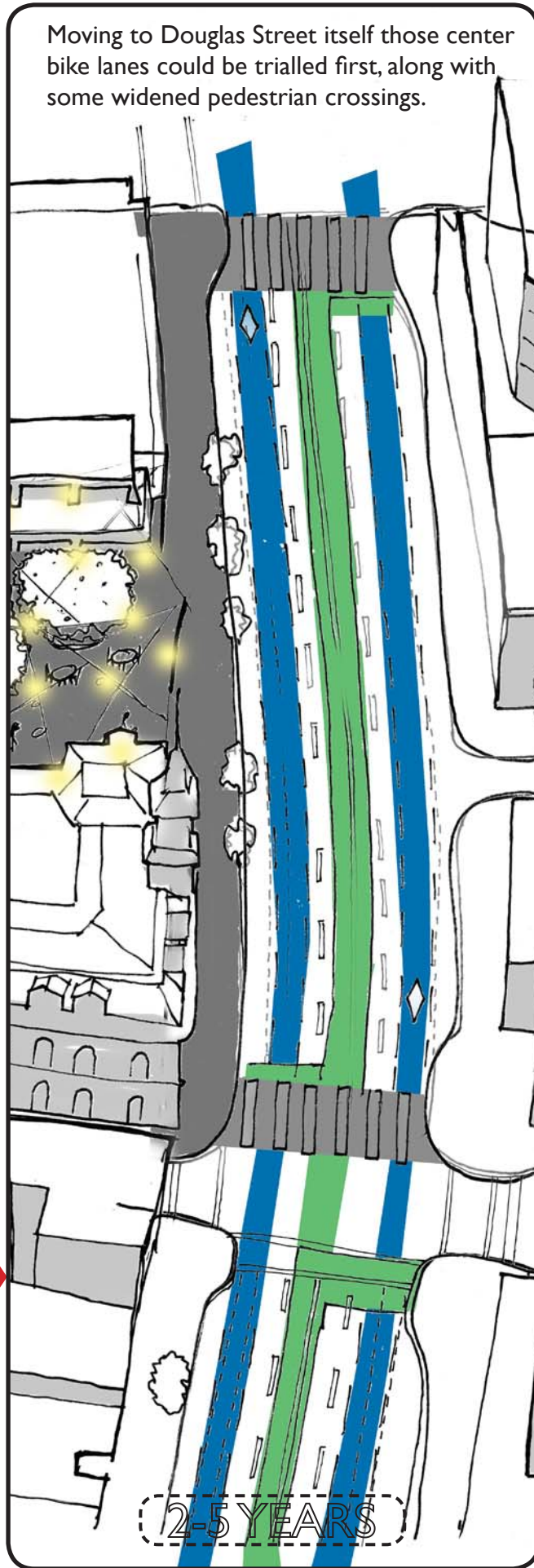
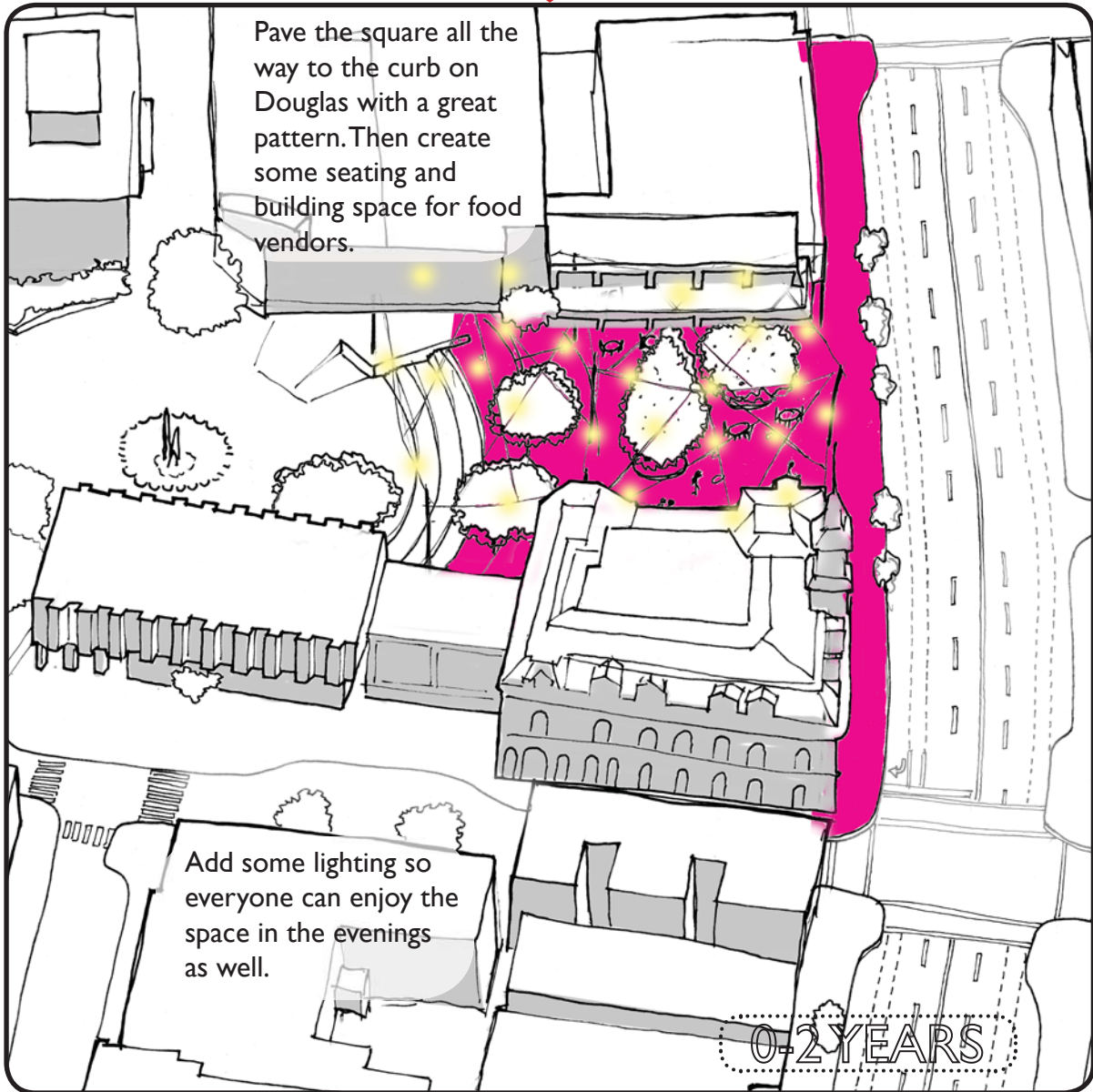
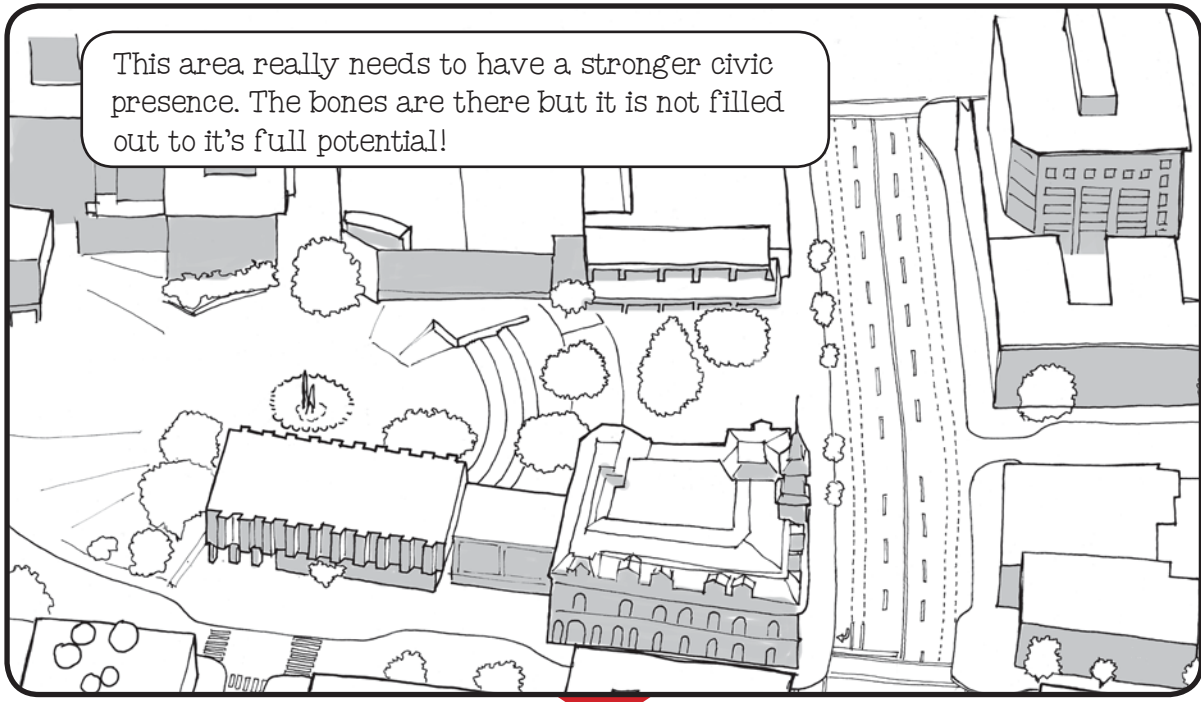
The square is almost invisible from Douglas Street because of the lawn and bus stop. It would also be great to have some cafes facing the square to draw more people in.

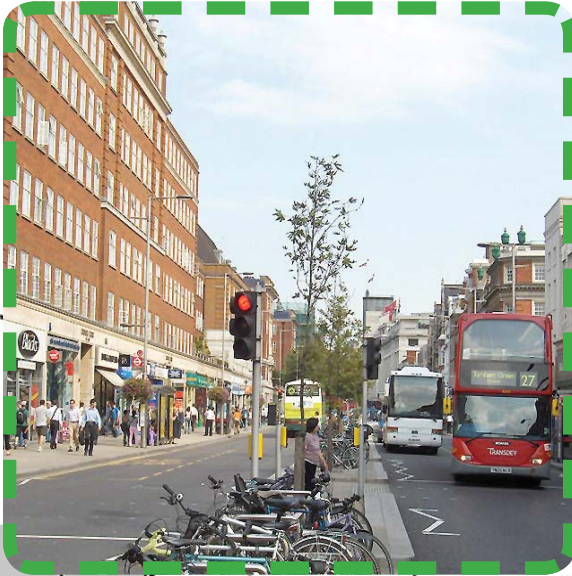
City Hall

City Hall needs more space in front to create a more urban civic space.

That new 1515 Douglas Street Development could play a part to catalyze a new forecourt for City Hall. Maybe the square can extend across the street?

This view is looking North with Douglas Street running vertically up the page starting right here.





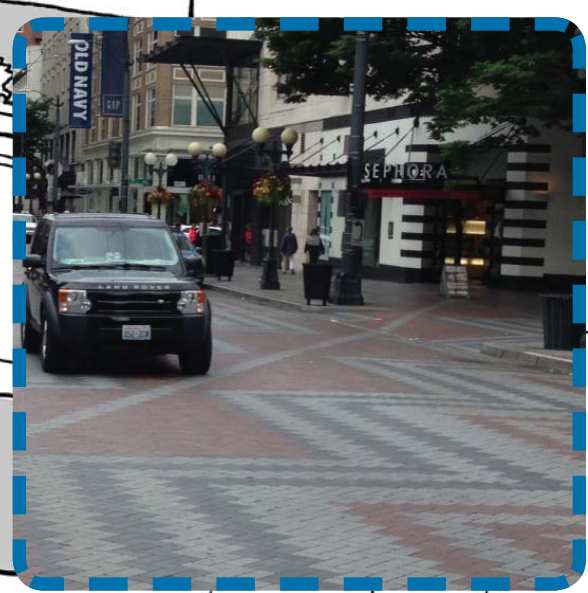
The space for the cars and buses divided by bollards, keep the traffic in it's place while letting it still feel open for pedestrian movement. This is Kensington High Street in London



Federation Square Cafe at night, Melbourne Australia

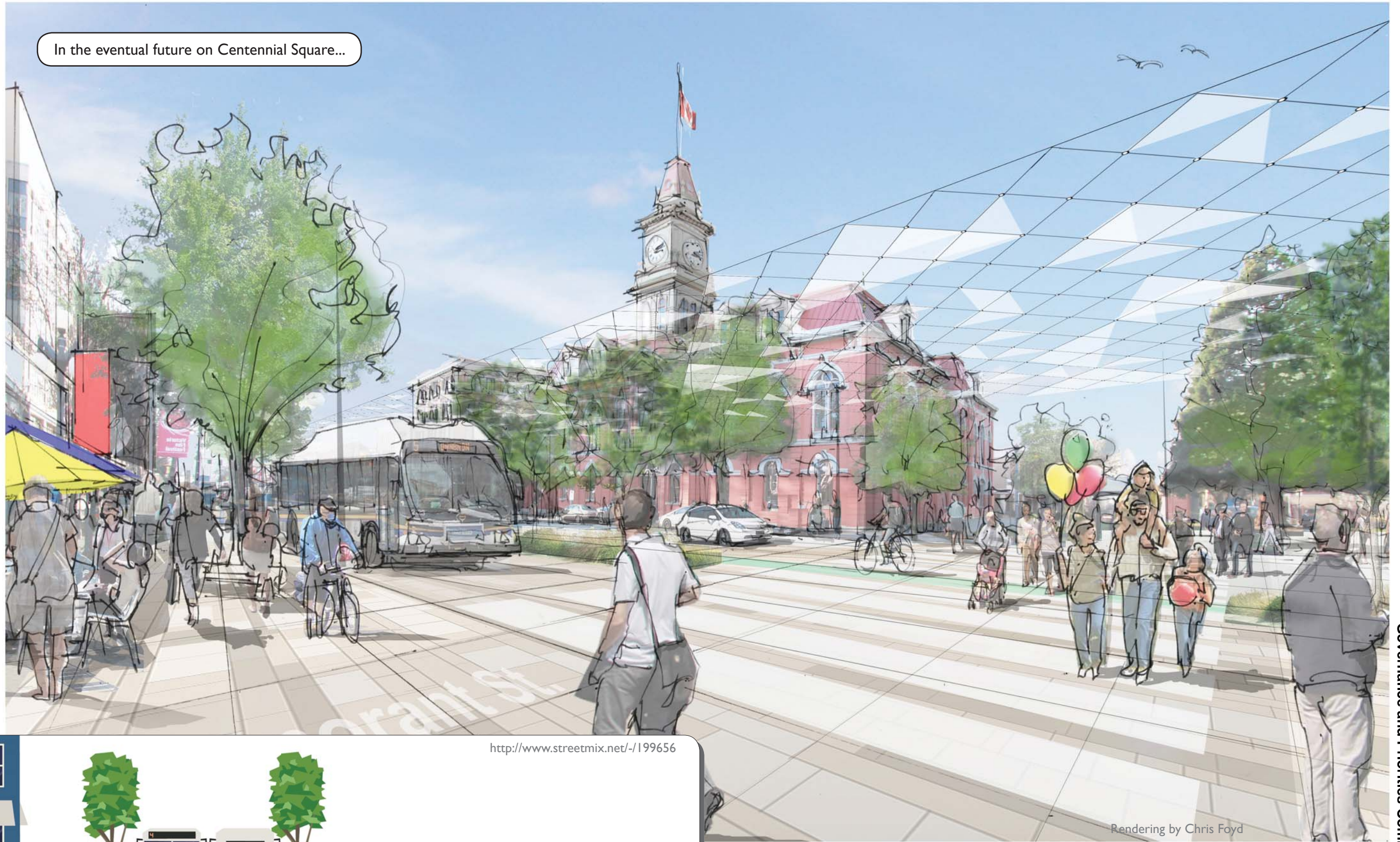


Fantastic tree lighting from Rice Park in St. Paul, Minnesota

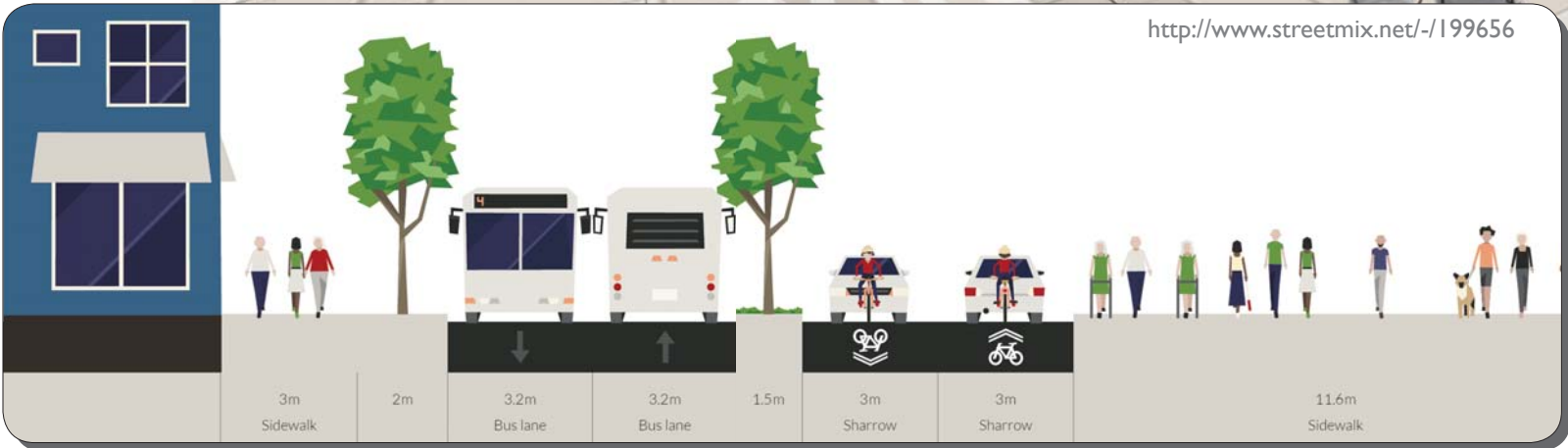


Continuous surface treatment (from building to building) at 4th and Pine in Seattle works well for calming traffic.

In the eventual future on Centennial Square...



Rendering by Chris Foyd





Characterized by a well defined mature street frontage, this area is at the heart of the business district of Victoria. Close to the conference venues and highest density buildings in Victoria. With the density and urban street edge come different potentials for intervention on Douglas Street.

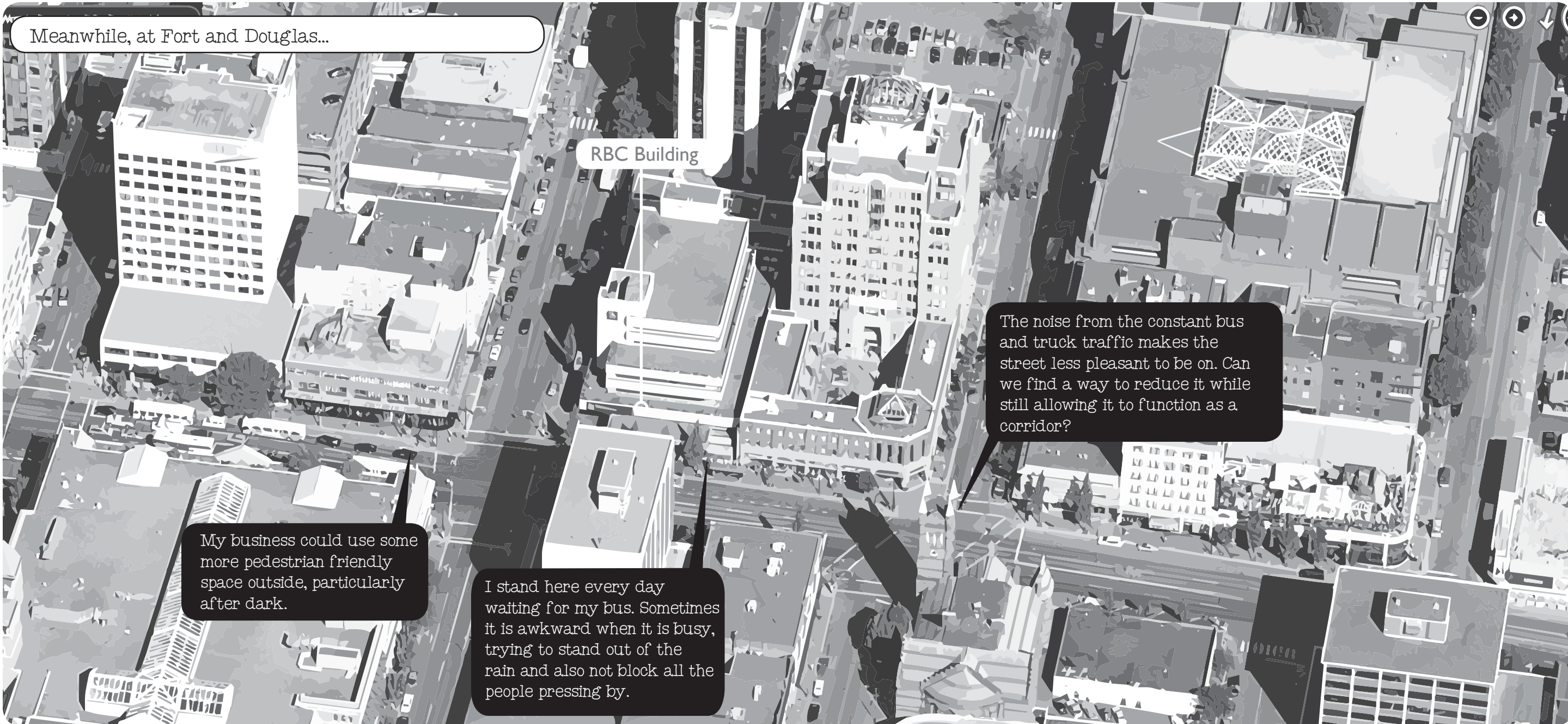
KEY INTERVENTIONS

- Scramble intersection
- Urbanizing the square
- Lighting canopy
- Drive-through pedestrian zone
- Separated bus lanes

Douglas Street
Yates to Belleville



Meanwhile, at Fort and Douglas...

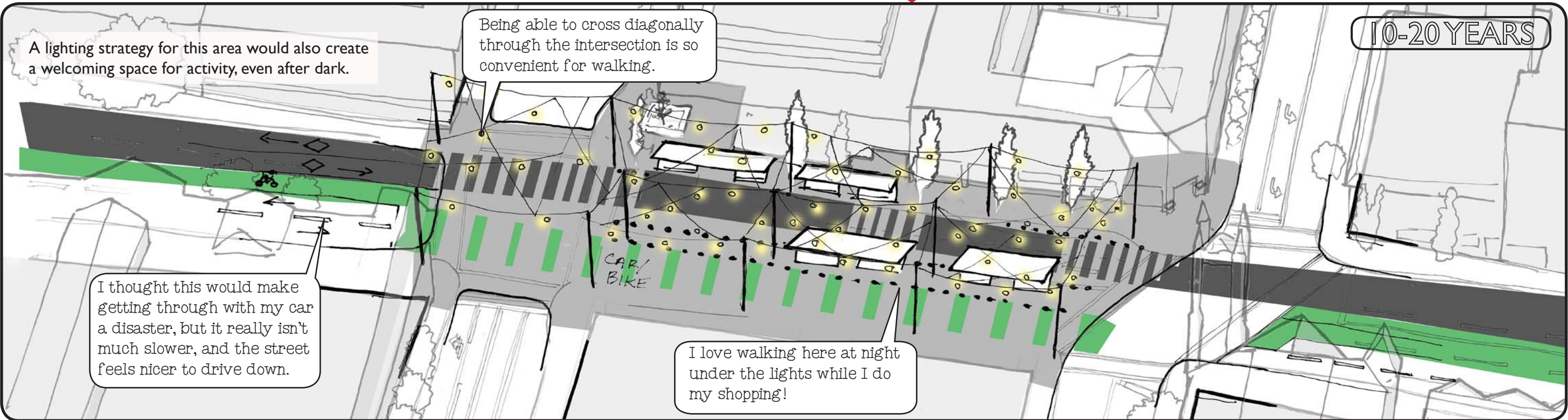
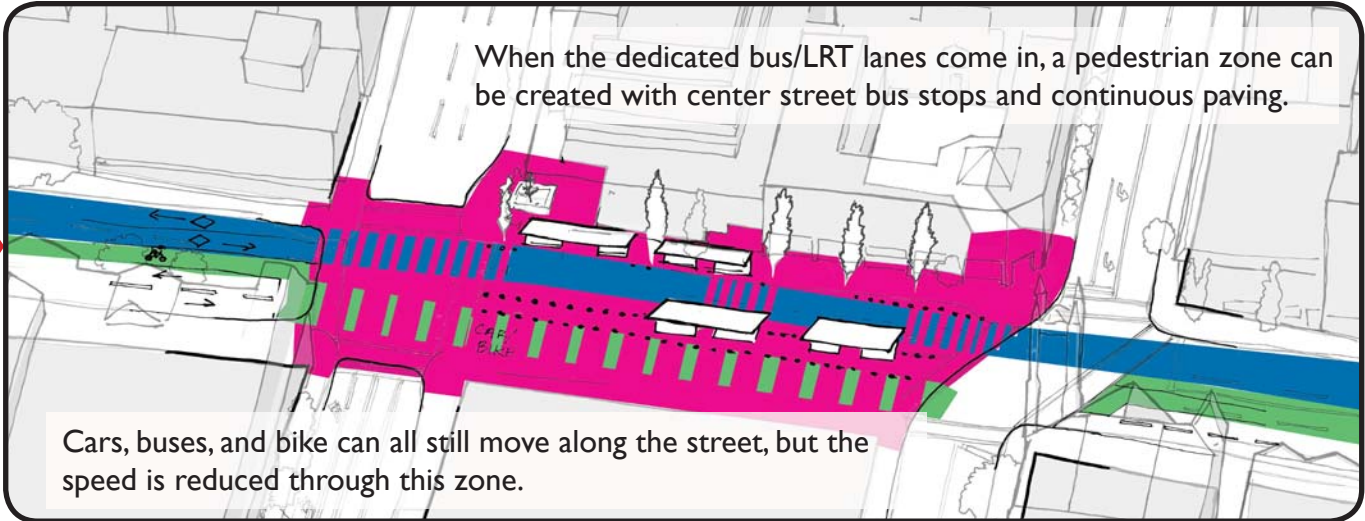
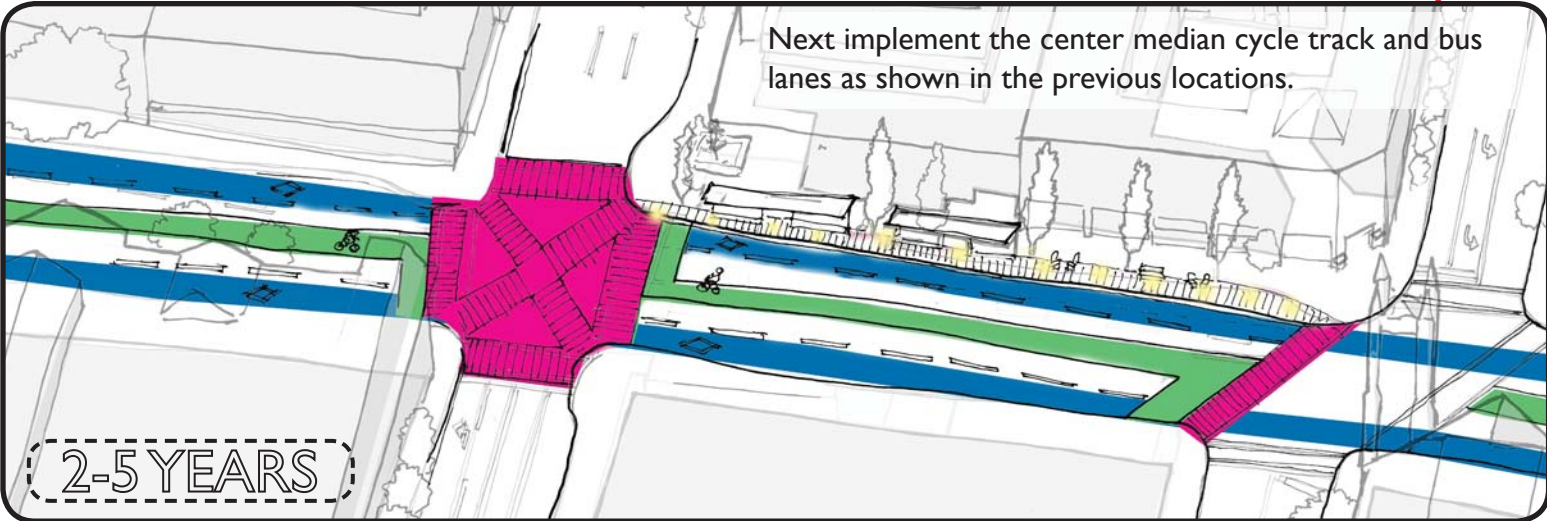
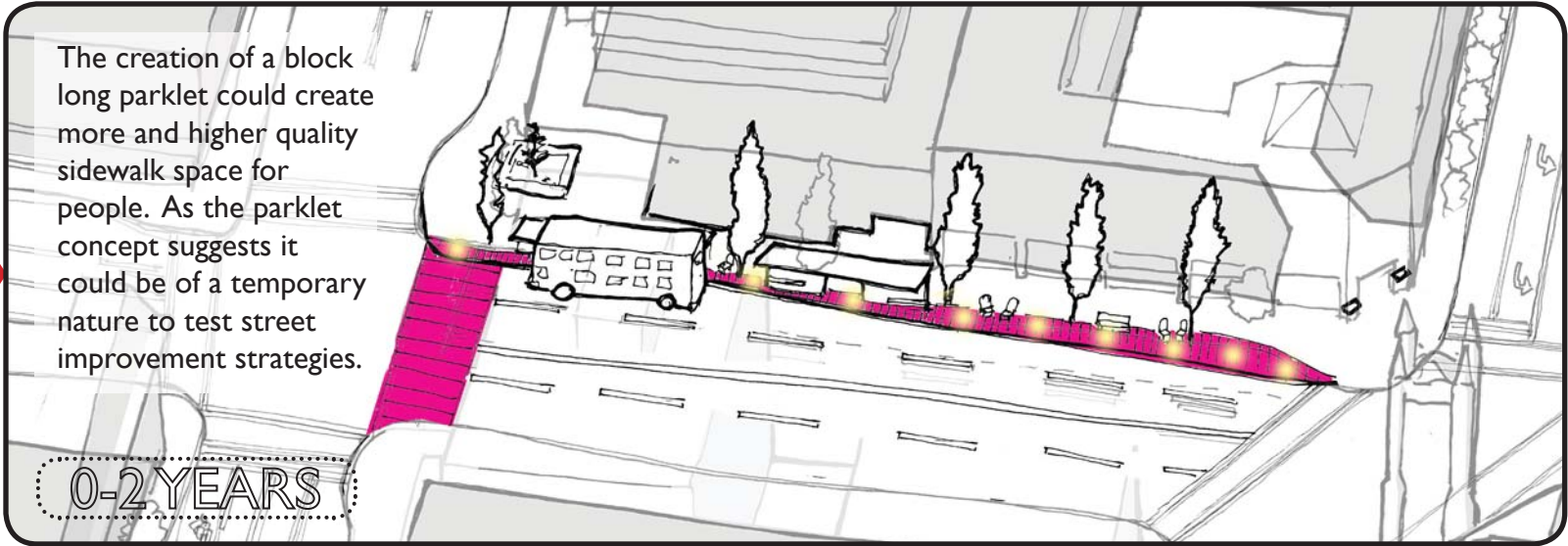
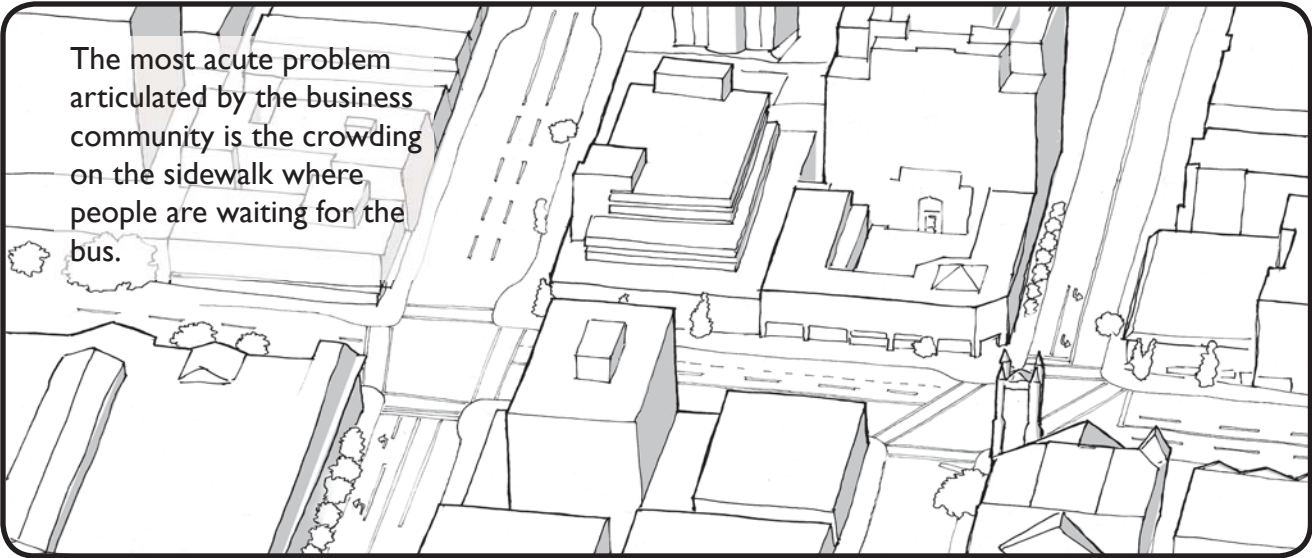


RBC Building

My business could use some more pedestrian friendly space outside, particularly after dark.

I stand here every day waiting for my bus. Sometimes it is awkward when it is busy, trying to stand out of the rain and also not block all the people pressing by.

The noise from the constant bus and truck traffic makes the street less pleasant to be on. Can we find a way to reduce it while still allowing it to function as a corridor?





Put in a scramble intersection such as the Oxford Circus where a busy vehicular street takes time for pedestrian crossings during peak walking hours.



Fredericia C Temporary Park in Denmark by landscape architects SLA

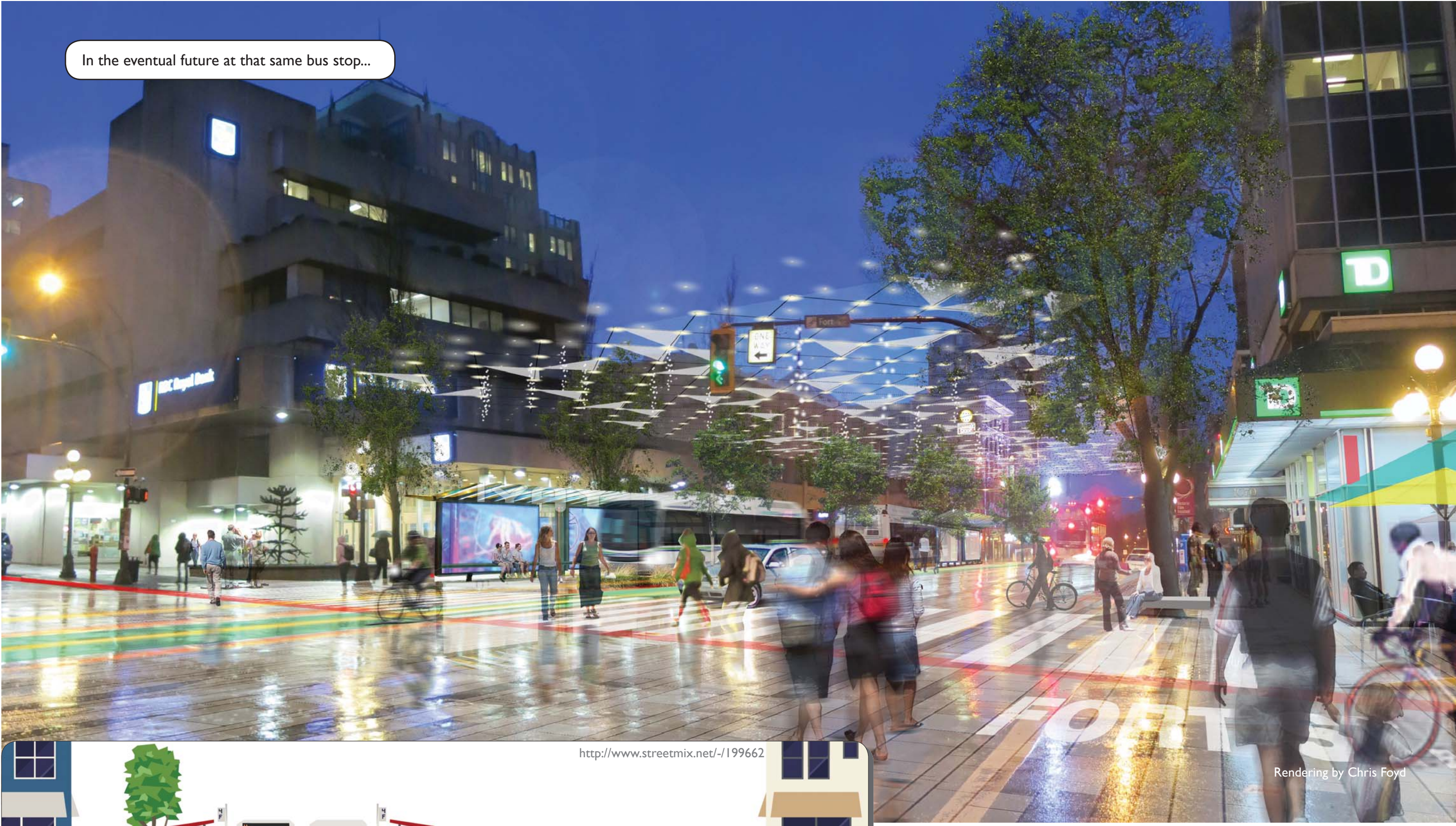


Partially claim street space like on Yonge Street in Toronto



Lighting such as those at Christmas time in Zurich.

In the eventual future at that same bus stop...



Rendering by Chris Foyd

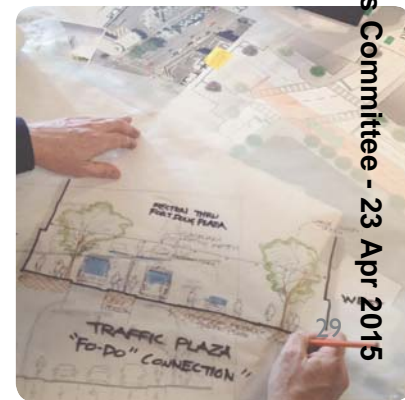
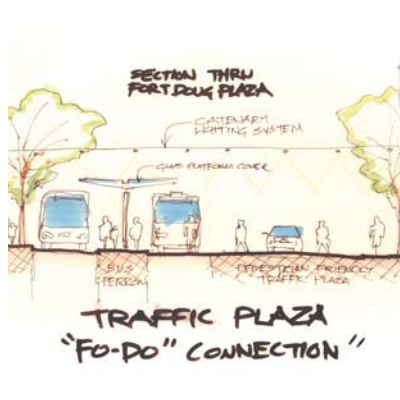
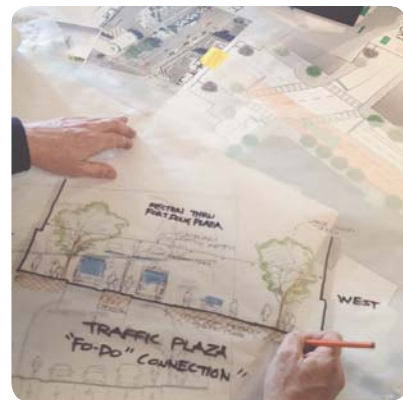
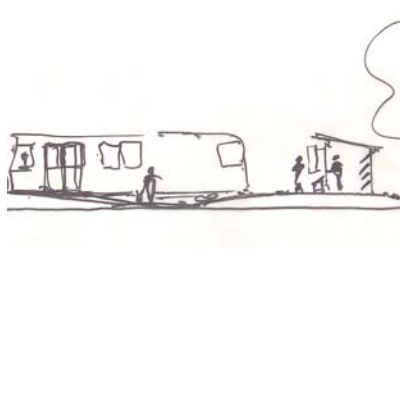
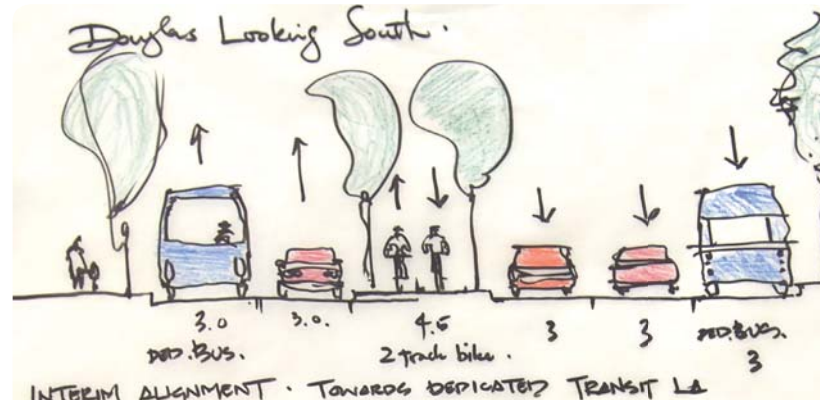
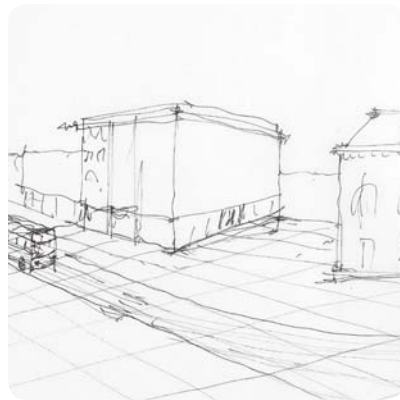




Conceptual rendering of future Douglas Street looking showing the cumulative implementation of the concepts put forward in this vision.

Appendix

Douglas Street: Today and Tomorrow
Points of Reference
Street Preference
Charrette-ing



Douglas Street: Today and Tomorrow

City of Victoria

The work in this study is predicated on a number of previous studies and official documents produced for or by the City of Victoria. These include:

The City of Victoria Official Community Plan

<http://www.shapeyourfuturevictoria.ca/>

Downtown Core Area Plan

http://www.victoria.ca/assets/Departments/Planning~Development/Community~Planning/Documents/Downtown~Core~Area~Plan/DTCP_book_web.pdf

Victoria Bicycle Master Plan Update

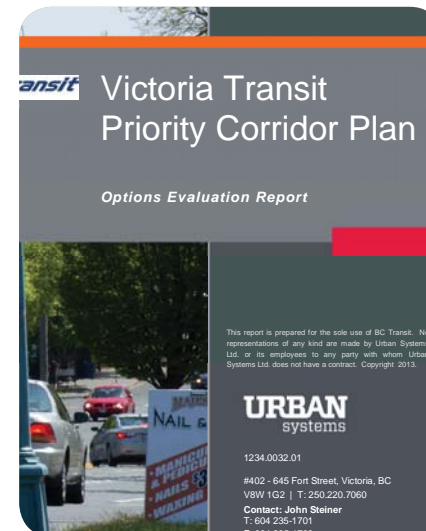
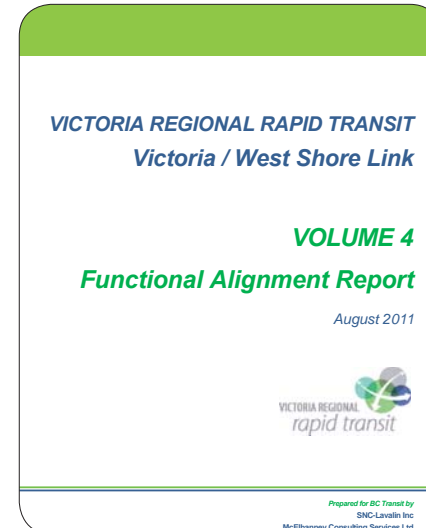
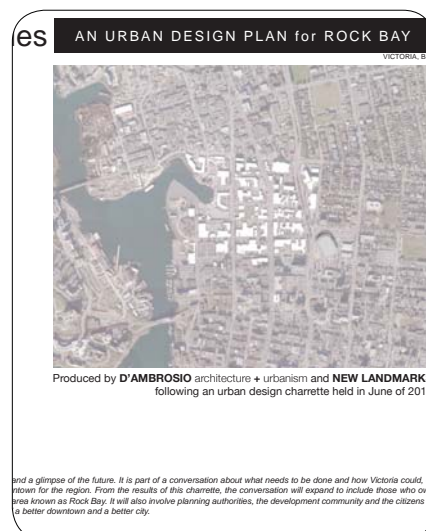
<http://www.victoria.ca/EN/main/community/cycling/update-to-the-bicycle-master-plan.html>

Crossing Boundaries: An Urban Plan for Oak Bay

D'Ambrosio Architecture + Urbanism and New Landmarks
http://www.fdark.ca/links/rock_bay/rockbayudp.pdf

Burnside Local Area Plan

http://www.victoria.ca/assets/Departments/Planning~Development/Community~Planning/Documents/Local%20Area%20Planning%20Priority%201%20Approach_PLUC%20June%2010%20doc.pdf



BC Transit

As a terminus to transit from around the region, we are also working with consideration to the extensive work done by BC Transit. Reference documents include:

Victoria Regional Rapid Transit Victoria / West Shore Link: Volume 4 Functional Alignment Report (SNC-Lavalin Inc, 2011)

<http://bctransit.com/servlet/documents/1403640684205>

Victoria Transit Priority Corridor Plan: Options Evaluation Report (Urban Systems, 2013)

<http://bctransit.com/servlet/documents/1403640646765>

Feedback from Participants during Charrette Session #1

Hillside to Princess

PROS

- The right of way is more flexible than further south on Douglas
- Most of the current building stock is 'disposable'
- It is an important connection for transit to Camosun and UVic
- Transit Hub is #1
- Sidewalk widths are currently enough.

CONS

- Stretches between pedestrian crossings is too long
- Appears like a highway
- No sense of being downtown
- No way-finding – Complicated 5 way intersection
- Many at grade parking lots / Too much asphalt
- Conflicts between bus/bike
- Drug use/safety aspect

WHAT IS DOUGLAS STREET?

- Access corridor
- Buffer between Rock Bay and Residential area to the East
- It is different in that way from other sections
- Education and employment uses
- Transitional neighbourhood as city is growing north
- Still looks like a highway
- Point of Entrance – leads to the heart of Victoria

WHAT ARE THE PRIORITIES ON DOUGLAS STREET?

- Transit Hub at Hillside for crosstown routes
- Facilitate pedestrian crossings mid-block
- Make links to Government Street mid-block

WHAT IS THE IDEAL DOUGLAS STREET?

- Nicer looking bus/LRT stations
- Bike Friendly
- A higher level of intervention than other streets
- Re-craft with interventions like high tree canopy and intermittent welcoming elements
- More way-finding
- higher quality sidewalk experience
- bury hydro lines

Princess to Yates

PROS

- Centennial Square has lots of potential to become a better space
- The Square is a nice quiet retreat from the city street during the day
- Area is a mixer for all people of Victoria, and can be strengthened with more diverse uses

CONS

- Centennial Square is currently underutilized – It needs a consistent draw (program)
- At night it is not that inviting
- The Square is invisible from Douglas Street
- The street is too noisy – too many large trucks
- Buildings often show a lack of maintenance on the frontage
- The cost of upgrading built infrastructure is too much for current uses
- It is hard for businesses to stay open late as the street feels dangerous after dark.

WHAT IS DOUGLAS STREET?

- A Node – but needs strengthening and investment
- A business Centre for Victoria
- A hub of often antisocial behaviour, although it has been improving
- It is a mix of a lot of different people and uses

WHAT ARE THE PRIORITIES ON DOUGLAS STREET?

- Create better connection of pedestrians to civic spaces (walking)
- Provide more reasons to go there (all times of day)
- Put in traffic calming measures (currently too much like a highway)
- Connect north to extend the 'city feeling'
- de-prioritize vehicles AND transit for quality pedestrian environment

WHAT IS THE IDEAL DOUGLAS STREET?

- Create a great consumer experience
- Make it Big Beautiful and Busy
- Slower traffic – pedestrian friendly speed and behaviour
- More trees (and bigger)
- lighting in trees (like St Paul Minnesota)
- Less street parking

Yates to Belleville

PROS

- Well-functioning transit corridor
- The core is a destination
- Shopping Center Hub / Conference Hub
- The pedestrian experience is improving
- The built form is well defined and positive

CONS

- There are social issues on the street
- The speed and volume of traffic is too high
- Too much emphasis on vehicular traffic
- There are too many one-way streets
- Confusion of View Street traffic at the intersection
- Lacks a consistent identity
- The street is too wide to cross (limited public realm)

WHAT IS DOUGLAS STREET?

- Transit corridor
- Main Street
- Contested Area/Conflict Zone between business and antisocial behaviour on the street
- Commercial/Service area (not so much retail)
- Core financial Center

WHAT ARE THE PRIORITIES ON DOUGLAS STREET?

- More growth
- 2-way Yates Street
- Improve vibrancy and safety of the public realm
- Soften bank 'interface' at Fort bus stop
- Development of Budget Rental and PCL Site – Mixed use residential
- implement a parking guidance system

WHAT IS THE IDEAL DOUGLAS STREET?

- A higher diversity of uses
- Narrower street frontages (smaller shop fronts)
- Open to street / spill out
- Strathcona and Cactus Club
- Create identifiable nodes at each intersection
- Safe, well lit, welcoming, vibrant public realm
- redevelopment of underutilized sites
- implement a parking guidance system

Points of Reference

What makes a 'Great Street'?

To move forward with Douglas Street it is useful to look at what other cities and citizens are doing in similar situations. This spread has just a few examples that were researched as precedents for the design exercises.



Adaptive Streets

This document provides a great overview of working with existing fabric to create better urban spaces within city right-of-ways.

It's contents cover:

Remix you street: Strategies:
Retrofitting spaces, Parking spaces, Street spaces, Residual spaces

2. Activate your space: Tools:
Site considerations, Physical elements, Activity programming, Case studies

http://issuu.com/schwin/docs/14_04_26_adaptivestreets_final/1

	Quality of the physical environment	
	Poor	Good
Necessary activities	●	●
Optional activities	●	●
"Resultant" activities (Social activities)	●	●

Life Between Buildings

Using Public Space

A seminal work in humanist urban design principles by urban designer Jan Gehl. Published in 2011 it lays out the distilled knowledge of a lifetime spent studying the way people live in cities. It outlines a way of thinking about and design for urban space focused on how people use such spaces, and considers various categories of activity and scale.

What is particularly relevant to this process is the concept of the three types of activity and the types of spaces that enable them (image above).

Published by Island Press, Washington DC.

TACTICS

TACTICAL URBANISM	01
BUILD A BETTER BLOCK	03
PARKING DAY	04
PLAY STREETS	05
OPEN STREETS	06
PAVEMENT TO PLAZAS	07
POP-UP CAFES	08
POP-UP SHOPS	09
CHAIR BOMBING	10
GUERRILLA GARDENING	11
STREET FAIRS	12
FOOD CARTS/TRUCKS	13
MOBILE VENDORS	14
CONCLUSION	15
SOURCES	16

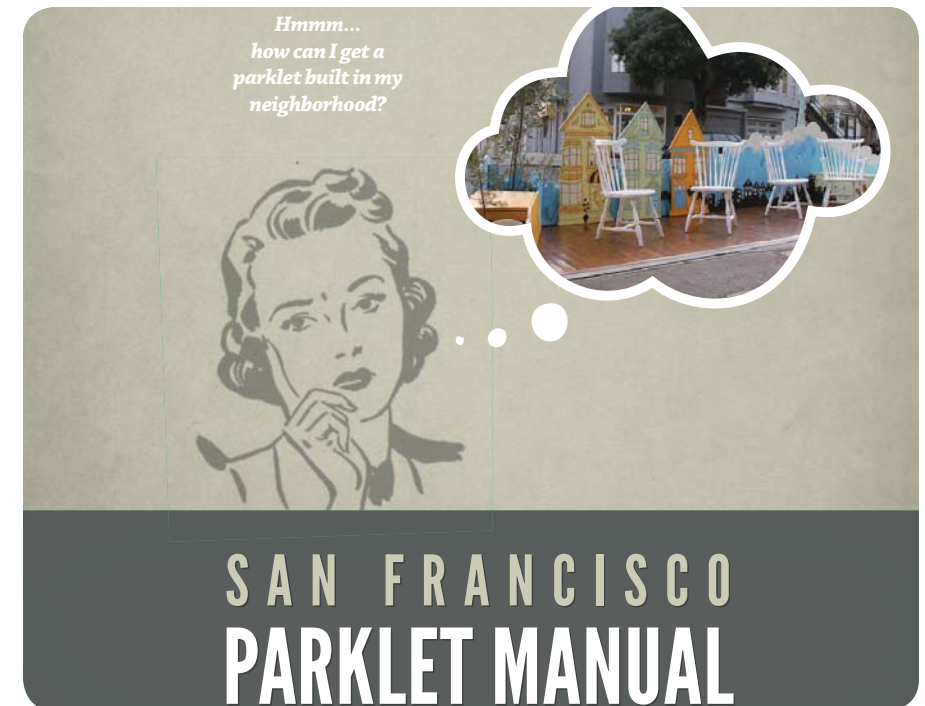


Making Safer Streets

Produced by the New York City Department of Transportation (DOT) in 2013, This is a great visual comparison of before and after of some of the city intersections. They are grouped in a few categories:

1. Make the Street Easy to Use
2. Create Safety in Numbers
3. Make the Invisible Visible
4. Choose Quality over Quantity
5. Look Beyond the immediate problem

<http://www.nyc.gov/html/dot/downloads/pdf/dot-making-safer-streets.pdf>



San Francisco Parklet Manual

Part of the Pavement to Parks initiative of the San Francisco Planning Department, "The San Francisco Parklet Manual is a comprehensive overview of the goals, policies, process, procedures and guidelines for creating a parklet in San Francisco. The Manual is also a resource for those outside of San Francisco working to establish parklet programs in their own cities."

<http://pavementtoparks.sfplanning.org/>

Tactical Urbanism

This and its companion document Tactical Urbanism 2 outline tactics for improving city streets that range from official municipal processes to so called guerrilla activities by everyday citizens.

http://issuu.com/streetplanscollaborative/docs/tactical_urbanism_vol.1

http://issuu.com/streetplanscollaborative/docs/tactical_urbanism_vol_2_final

Street Preferences


Charrette participants were asked to mark variety of options for elements they would like to see on Douglas Street. This is what was recorded.

Cycling Facilities




Separated Lanes

● ● ● ●




Secure Parking

● ●




Bus/Bike




Center Lanes

●



Side Lanes

Parking




In-Front Lot



Garage

● ●




Side Street

● ●



Parallel



Bike Parking

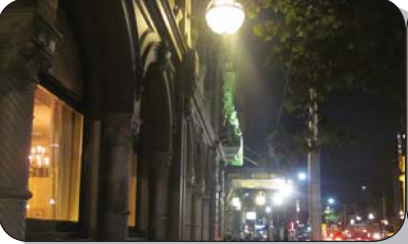
● ● ● ●

Street Lighting




Low Level Lighting

●




Mid-level Lighting

● ● ● ●




High Level Lighting



Artistic Lighting

● ● ● ● ●



Storefront

● ● ● ● ● ● ● ●

As the red dots below illustrate well, there is a particularly strong interest from local businesses for improvements to the pedestrian realm, ranging from lighting and landscaping to public events and parklets.

Landscape



Sidewalk Eco-buffer

● ● ● ●



Center Eco-median

● ●



Innovative Surfaces

● ● ● ●



Big trees

● ● ● ● ●

● ●



Patterned Paving

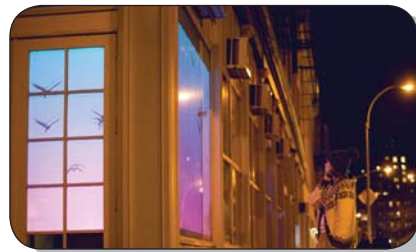
● ● ● ● ●

Public Space



Interactive Facades

● ● ●



Off Hours Use

● ● ●



Side Park

● ● ●

● ● ●



Patio/Parklet

● ● ● ● ●



Art Themes

● ● ● ● ●

Events



Car Free Day

● ● ● ● ●

●



Sidewalk Sale

● ●



After Hours

● ● ●



Festivals

● ● ●



Food Truck

●

Charrette-ing

During the afternoon session of the charrette the feedback from the first session was applied to some of the case study concepts to specific sites in each of the three areas along Douglas Street in a visioning session. Each section came up with a number of possible interventions and with ideas about how to phase in implementation of these concepts. The vision articulated in this report comes directly from these sessions.

This spread contains some of the actual sketches from the sessions. The following pages distill both the morning and afternoon sessions to create three connected narratives about how to arrive at a much improved Douglas Street.



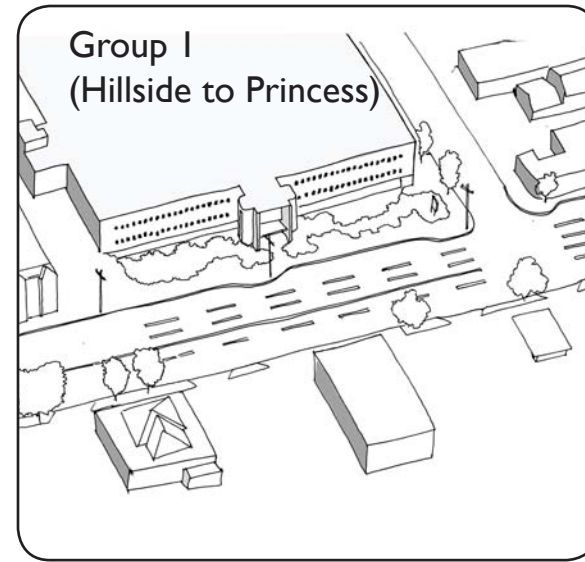
Group 1



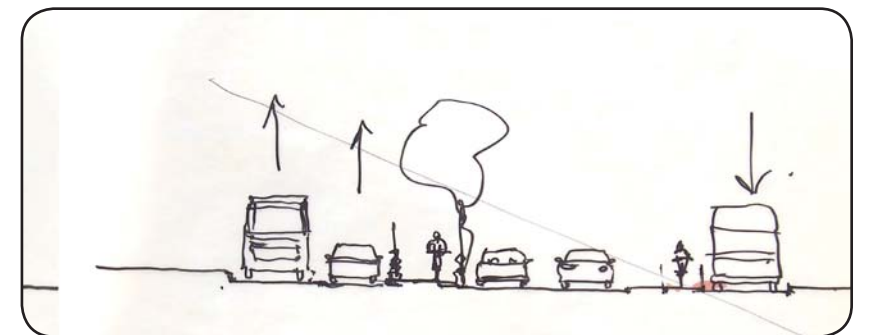
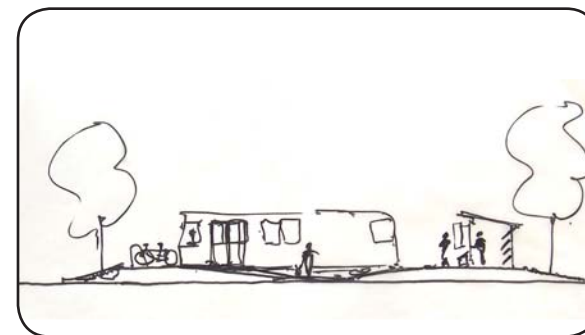
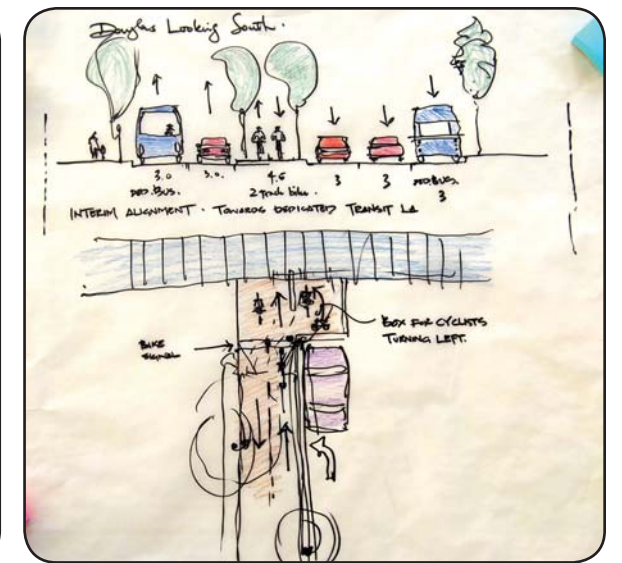
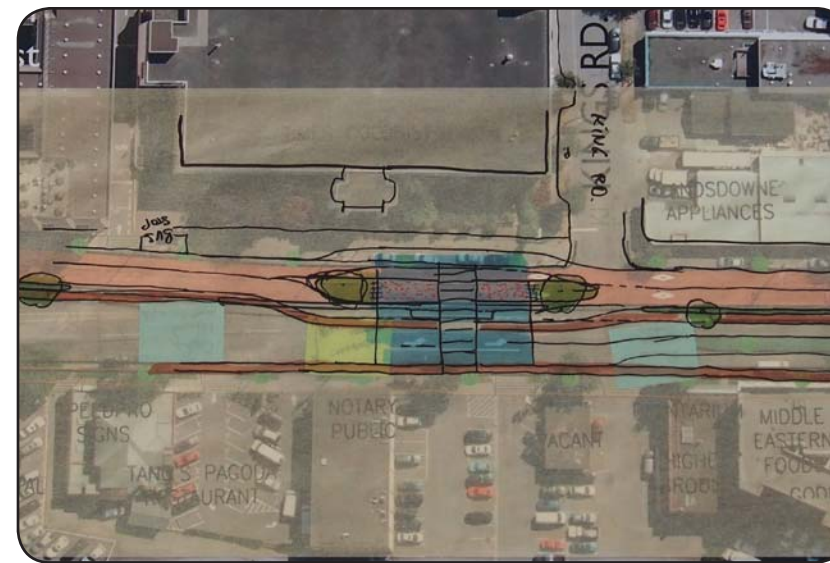
Group 2

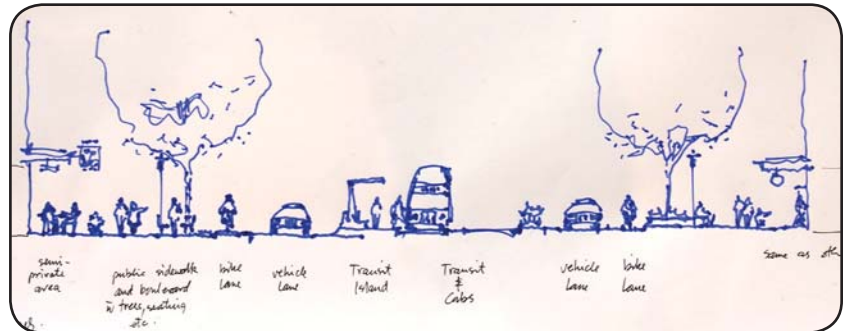
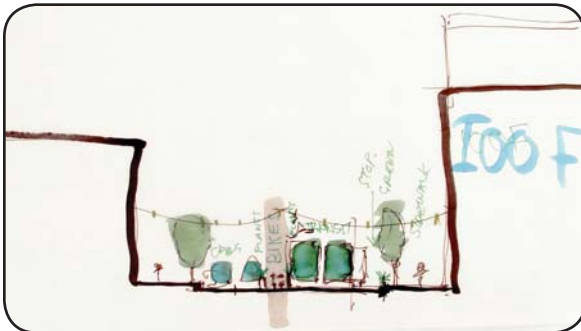
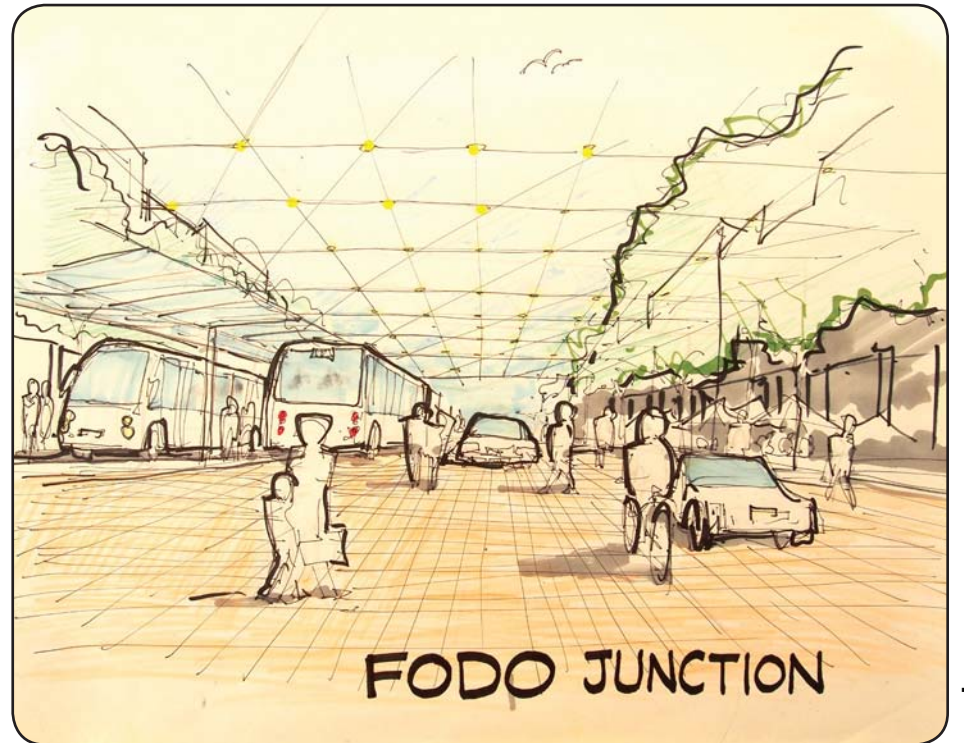
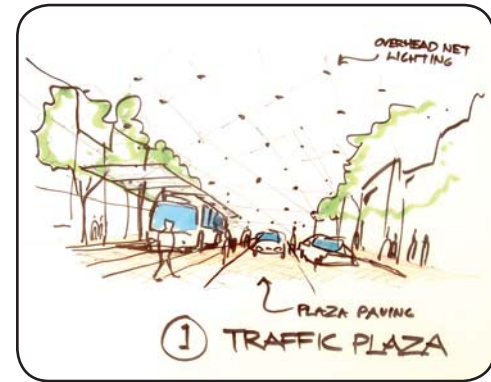
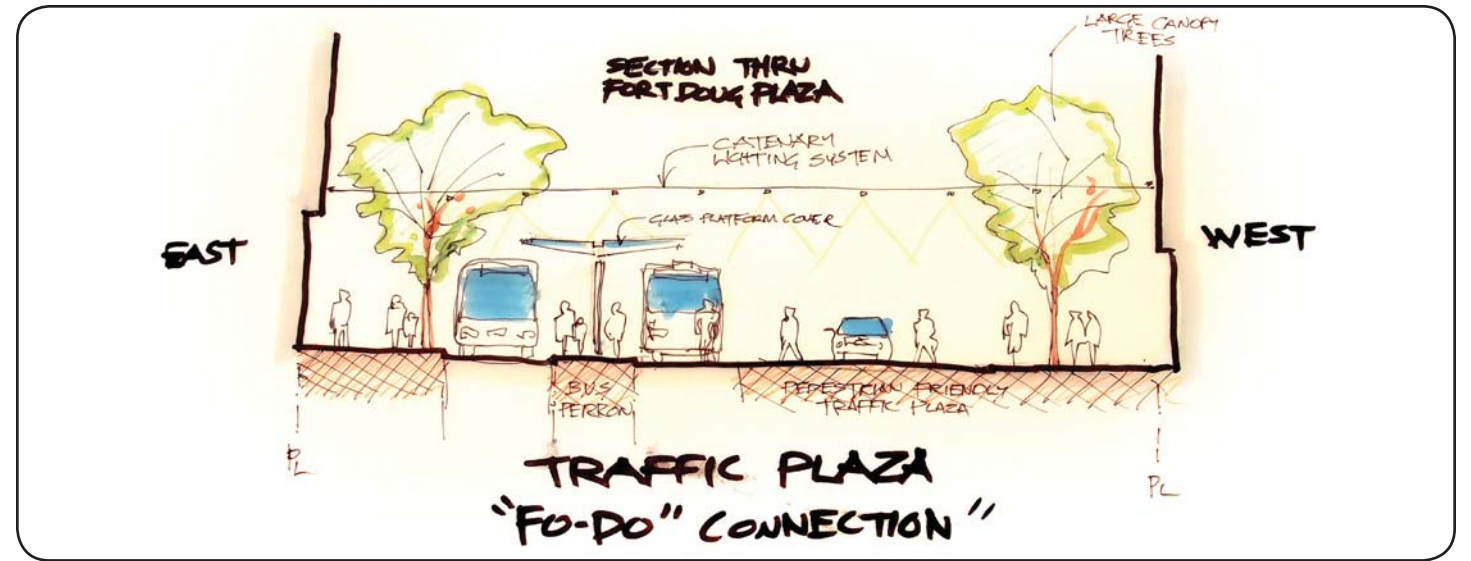
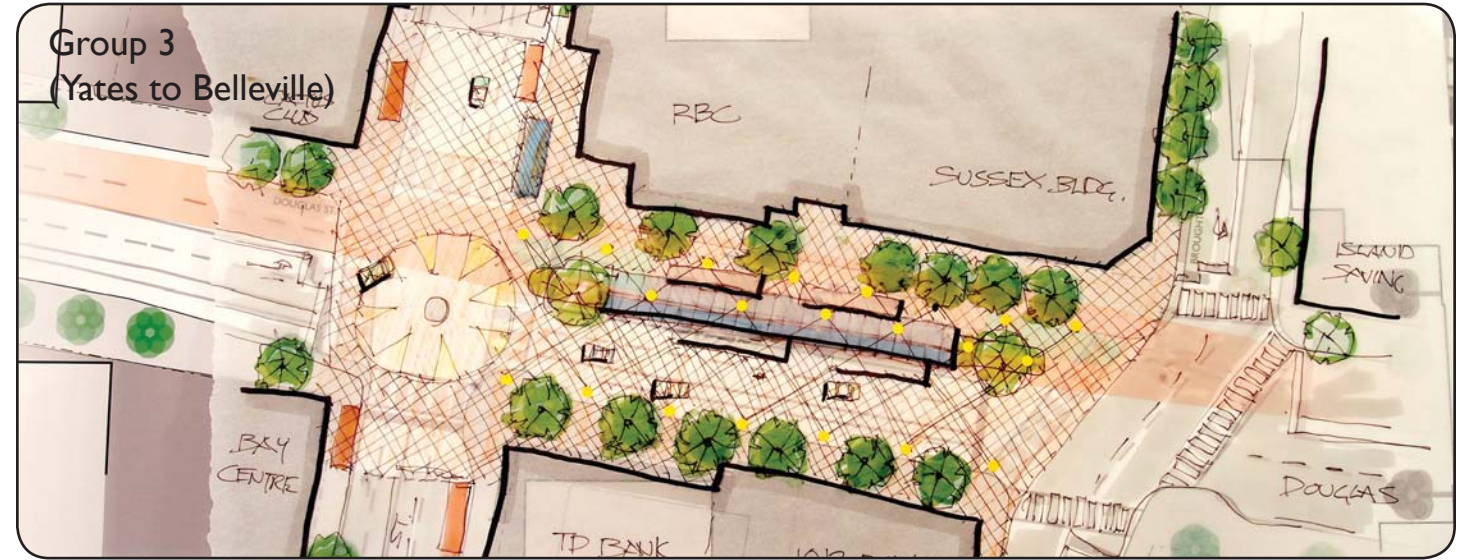
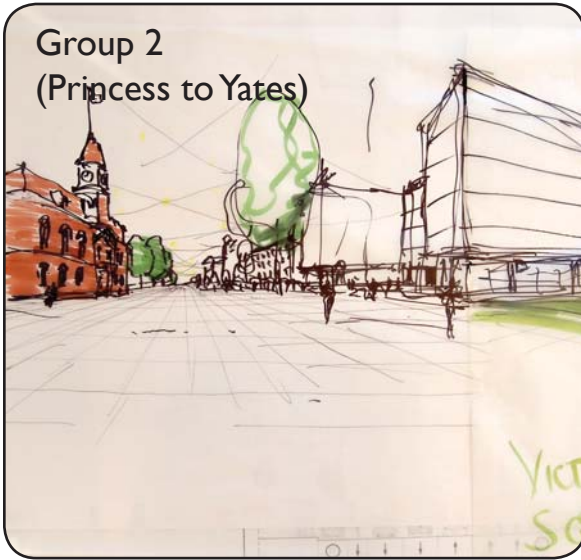


Group 3



Group 1
(Hillside to Princess)







Governance and Priorities Committee Report
For the Meeting of April 23, 2015

To: Governance and Priorities Committee **Date:** April 9, 2015
From: Susanne Thompson, Director, Finance
Subject: 2014 Financial Statements

Executive Summary

Under section 167 of the Community Charter, a municipality's financial statements must be prepared by its Financial Officer and presented to Council for its acceptance. The 2014 financial statements are the responsibility of management and have been prepared in accordance with "generally accepted accounting principles" for local governments established by the Public Sector Accounting Board.

Under section 171 of the Community Charter, the City's Municipal Auditor (KPMG) must report to Council on the annual financial statements. The report must be in accordance with the form and the reporting standards recommended by the Canadian Institute of Chartered Accountants.

Today KPMG will present their audit findings report. Once accepted by Council, KPMG will issue an Auditor's Report expressing that in their opinion the financial statements present fairly, in all material aspects, the financial position of the City as at December 31, 2014.

Recommendation:

That Council accept the 2014 Financial Statements.

Respectfully submitted,

Laurel Westinghouse
Manager, Accounting

Susanne Thompson
Director, Finance

Report accepted and recommended by the City Manager: _____

Date:  _____
April 13, 2015

Purpose

To provide Council with an overview of the City's 2014 audited Financial Statements and request Council's acceptance of the Financial Statements as required by Section 167 of the Community Charter.

Background

Section 167 of the Community Charter requires that annual audited financial statements be prepared and presented to Council for acceptance. The City's audited consolidated financial statements for 2014 have been prepared by management in accordance with the generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Under PSAB reporting requirements, the following statements are presented for Council's review: (page references to Appendix C)

1. **Statement of Financial Position** (pg. 3) – provides a summary of the City's economic resources available to meet its obligations and provide services. By continuing to grow its net financial asset position, the City strengthens its capacity to meet financial obligations.
2. **Statement of Operations and Accumulated Surplus** (pg. 4) – identifies the current year contribution to the Accumulated Surplus balance from revenue and expenses
3. **Statement of Changes in Net Financial Assets** (pg. 5) – supplementary detail of the changes in assets and liabilities that explain the change to the Net Financial Assets balance on the Statement of Financial Position
4. **Statement of Cash Flows** (pg. 6)– supplementary detail to support the change to Cash and Cash Equivalents balance on the Statement of Financial Position
5. **Notes to the Financial Statements** (pgs. 7 – 33) - additional detail to disclose relevant reporting information and support significant balances in the Financial Statements.

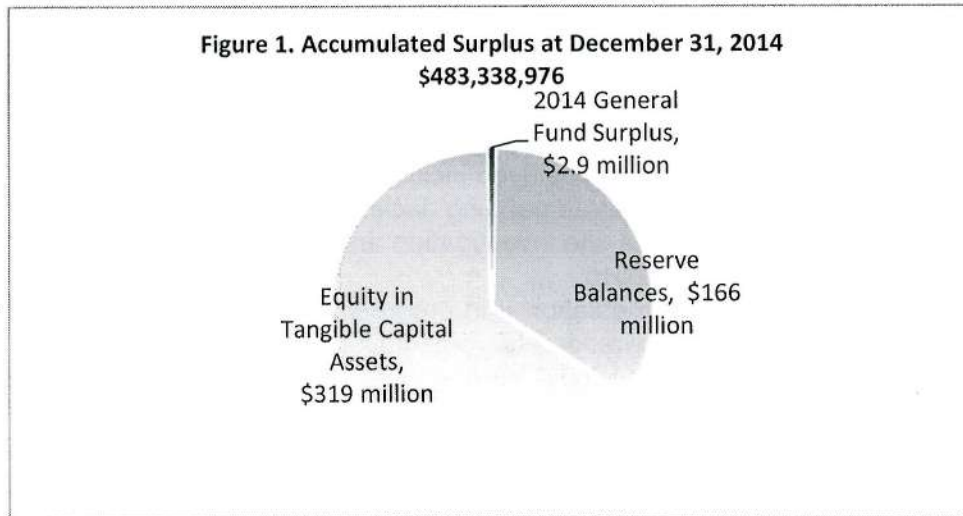
Issues & Analysis

Accumulated Surplus

The Accumulated Surplus balance at December 31, 2014, as reported on the Statement of Financial Position, is \$483 million. This is the accumulation of the City's increases in equity in capital assets and reserve balances since its inception. The balance is an indication of how much the City's assets exceed its liabilities and represents the total 'economic resources' available to the City.

Of these 'economic resources' available, equity in capital assets makes up the most significant portion of the accumulated surplus balance, followed by reserve balances (Figure 1). The current year General Fund Surplus of \$2.89 million makes up a small portion of the Accumulated Surplus balance.

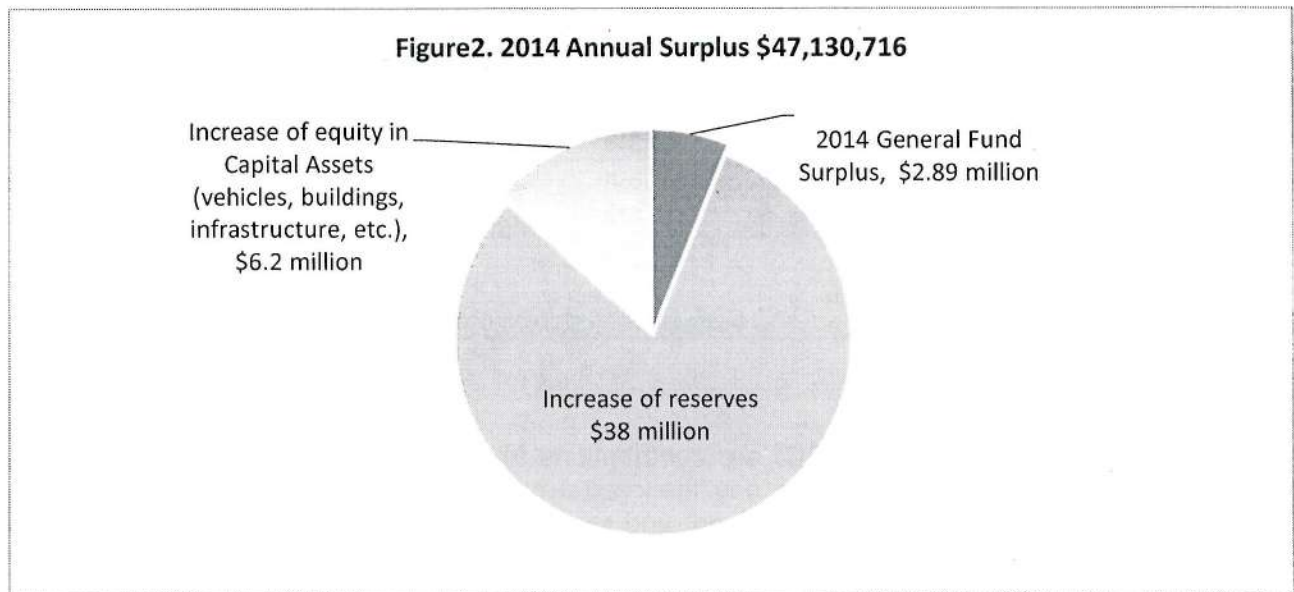
This means that the majority of the \$483 million consists of the City's tangible capital assets, such as roads, underground infrastructure, land, buildings, and equipment, along with funds set aside in reserves for future spending.



Annual Surplus

The annual surplus represents the ‘economic resources’ gained by the City during the year and is reported on the Statement of Operations. The City’s annual surplus for 2014 is \$47.1 million. Most of this surplus is comprised of increased equity in capital assets and growth in reserve balances (Figure 2). Of the total annual surplus balance, \$2.89 is the General Fund surplus which is available for future spending.

Council makes a decision annually on the use of the current year General Fund surplus which is incorporated into the following year’s budget.



Reserves

All of the City reserve funds were established by bylaw under section 188 of the Community Charter. Funding from these reserves can only be used for the specific purposes outlined in the bylaw. In 2014 the City’s reserves grew by \$38 million (Table 1), which includes debt proceeds of \$16.3 million.

Transfers from reserves, to fund capital projects and programs, were \$10.7 million less than budget due to the following circumstances: funding is only drawn down from reserves as capital projects are completed; fewer projects than planned were completed by December 31; and some projects experienced schedule adjustments to begin at a later date.

Specific to 2014, Capital projects that were delayed include:

- Sewer Main Upgrade projects – deferred pending decision on waste water treatment facilities
- Douglas Street Retaining Wall – the site investigation and design was completed in 2014 and the construction will take place in 2015
- Storm water outfall-Rock Bay Remediation – in progress, started in 2014, dependent on BC Hydro and Transport Canada’s environmental remediation project in Rock Bay
- Stormwater treatment unit at Public Works Yard – project planning began in 2014, design and construction scheduled for 2015

Table 1. Reserve Balances

RESERVE BALANCES	Dec 31, 2013	Transfer To	Transfer From	Interest	Dec 31, 2014
Financial Stability Reserves	\$ 2,598,515	\$ 1,366,723	\$ (910,435)	\$ 32,481	\$ 3,087,284
Equipment & Infrastructure Replacement Fund	53,479,694	36,368,602	(11,602,639)	658,314	78,903,971
Gas Tax	6,436,998	3,316,307	(1,394,001)	80,462	8,439,766
Economic development	734,445	-	-	9,181	743,626
Debt Reduction	21,255,012	3,799,281	-	265,688	25,319,981
Self Insurance	3,733,373	-	-	46,667	3,780,040
Working Capital Fund	3,837,082	-	-	47,964	3,885,046
Tax Sale Lands Fund	9,663,642	50,000	(2,632,629)	120,796	7,201,809
Parks and Greenways Acquisition Fund	2,269,464	-	-	28,368	2,297,832
Local Amenities	102,044	-	-	1,276	103,320
Affordable Housing	1,896,984	250,000	(30,000)	23,713	2,140,697
Climate Action	380,950	126,805	(6,750)	4,762	505,767
Water Utility	4,900,973	4,014,166	(488,129)	61,262	8,488,272
Sewer Utility	16,403,687	4,122,531	(117,000)	205,046	20,614,264
Tree conservation	339,873	74,680	-	4,248	418,801
Art in public places	301,564	135,000	(3,375)	3,770	436,959
Downtown Core Area Public Realm Improvements	57,373	-	-	717	58,090
Heritage Building Seismic Upgrades	19,124	-	-	239	19,363
TOTAL RESERVES	\$ 128,410,798	\$53,624,096	\$ (17,184,958)	\$ 1,594,954	\$ 166,444,890

DCCs

Development Cost Charges (DCC) are contributions from developers collected under bylaw to provide funds to assist the City to pay the capital costs of providing, constructing, altering or expanding transportation, water, drainage, and sewage facilities, and of providing and improving parkland.

DCC balances (Table 2) increased in 2014 by \$95,191 in interest revenue allocated and \$747,109 in charges, compared to \$858,176 in charges collected in 2013. A total of \$52,020 was transferred to capital in 2014, compared to no capital activity funded from the DCC balances in 2013.

Table 2. DCC Balances

DEVELOPMENT COST CHARGES	Dec 31, 2013	Transfer To	Transfer From	Interest	Dec 31, 2014
Water and Environment	\$ 901,548	\$ -	\$ -	\$ 11,269	\$ 912,817
Streets	19,752	-	-	247	19,999
Transportation	2,959,628	252,752	(52,020)	36,995	3,301,395
Water	289,082	31,097	-	3,614	323,792
Drainage	174,802	17,189	-	2,185	194,176
Sewage	1,027,484	138,598	-	12,844	1,178,926
Parkland Acquisition	1,662,332	233,905	-	20,779	1,917,016
Parkland Development	580,675	73,570	-	7,258	661,503
TOTAL DEVELOPMENT COST CHARGES	\$ 7,615,303	\$ 747,110	\$ (52,020)	\$ 95,191	\$ 8,509,624

Capital Assets

The City's inventory of capital assets (Table 3), cost before accumulated amortization, increased by \$38.6 million with the most significant increases resulting from:

- \$17.6 million of road infrastructure – construction of Johnson Street Bridge
- \$ 9.7 million of water/sewer/storm drain infrastructure built
- \$ 4.3 million of vehicle and equipment purchases

Table 3. Capital Assets

CAPITAL ASSETS (Historical Costs)	2014	2013
Land	\$ 135,627,933	\$ 136,693,575
Buildings	101,078,041	90,770,544
Furniture, Equip, Tech & Vehicles	61,072,975	58,088,624
Roads, Bridges and Highways	90,772,830	86,295,730
Water Infrastructure	55,649,691	53,077,355
Sewer Infrastructure	18,779,602	16,440,681
Drainage Infrastructure	16,451,200	12,436,445
Assets under Construction	47,834,110	34,846,843
Total Capital Assets	527,266,382	488,649,797
Accumulated Amortization	(139,501,150)	(130,907,113)
TOTAL CAPITAL ASSETS (Net Book Value)	387,765,232	357,742,684

Debt

The City's outstanding debt (Table 4) increased in the year by \$19.6 million. New debt of \$23.2 million was issued in 2014 for the Johnson Street Bridge. The only debt authorized but not issued is \$15.8 million for the Johnson Street Bridge. This debt is planned to be issued as the bridge is constructed.

Table 4. Debt

DEBT ISSUES (in millions)	EXPIRY DATE	2014
Issue 79, 80, 81 – Multipurpose Facility (Arena)	2033/34	23.68
Issue 95 – Upgrade Fire Halls	2020	0.59
Issue 102 – City Hall Upgrades & Burnside Gorge C	2022	2.73
Issue 105 – Crystal Gardens	2024	2.48
Issue 103/105/110 – Parkades Upgrades	2023 / 2023 / 2025	6.55
Issue 115 – Johnson Street Bridge	2031	9.12
Issue 130 – Johnson Street Bridge	2034	23.2
TOTAL DEBT		\$68.35 million

Investments

The City's investment portfolio (Table 5) returned \$2.75 million in 2014, an increase of \$95,000 as compared to 2013. The actual investment portfolio rate of return was 1.80%:

- 65% greater than the return of the MFA money market fund
- 44% greater than the City's average bank account interest rate

The investment portfolio is governed by the City's Investment Policy which is designed to invest public funds in a prudent manner, to yield the highest returns within the limits prescribed by Community Charter s.183, Investment of Municipal Funds.

The majority of investment revenue is allocated to reserves, as per the City's Reserve Fund Policy.

Table 5. Investments

INVESTMENT PORTFOLIO	2014	2013
Investment Returns	2,752,790	2,313,072
Actual Rate of Return	1.80%	1.74%
MFA Money Market Return	1.09%	1.09%
Average Bank Interest Rate	1.25%	1.25%

Revenues and expenses

The Financial Statements are presented in accordance with PSAB reporting standards to ensure comparability between government organizations across Canada. The budget information in the Statement of Operations was developed for the purpose of the Financial Plan, which is customized to the operations of individual government organizations. The format of the financial statements does not provide an effective comparison of budget to actual performance as the budget process does not take into account adjustments made for PSAB reporting standards.

In order to provide a meaningful comparison of budget to actual performance, additional schedules are attached to this report providing 2014 comparison of budget to actual for operating revenues and expenses (Appendix A), and capital expenditures (Appendix B). These comparisons are provided in the format used to approve budget decisions for the year.

Conclusion

KPMG conducted the City's 2014 audit and have stated in the Auditor's Report their opinion is that these consolidated financial statements present fairly the City's financial position as of December 31, 2014, and its results of operations and changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

List of Appendices

Appendix A – Budget to Actual Operating Revenues and Expenses

Appendix B – Budget to Actual Capital Expenditures

Appendix C – Draft Audited Financial Statements for the year ended December 31, 2014

Recommendation

That Council accept the 2014 Financial Statements.

Appendix A - Budget to Actual Operating Revenues and Expenditures

City of Victoria - Operating Budget Revenues
For the Twelve Months Ending December 31, 2014

Description	Actual 31-Dec-14	2014 Budget	Budget Remaining	%	Comments
Corporate					
Payment in Lieu of Taxes	5,657,610	6,077,500	419,890	93%	Provincial payments in lieu of taxes lower than expected
Special Assessments	1,556,230	1,489,631	(66,599)	104%	
Fees and Interest	3,638,996	2,480,000	(1,158,996)	147%	Investment revenue higher than expected; offsetting transfer to reserves
Business and Other Licences	1,342,057	1,385,500	43,443	97%	
Overhead Recoveries	3,104,589	3,108,266	3,677	100%	
Miscellaneous	5,166,028	3,881,464	(1,284,564)	133%	Gas Tax received (offsetting transfer to Gas Tax Reserve)
Hotel Tax	2,153,910	1,800,000	(353,910)	120%	Offsetting transfers to VCC & Tourism Victoria (Destination Marketing)
Prior Year's Surplus	3,474,559	3,474,559	-	100%	
Legislative and Regulatory Services	1,171,252	864,000	(307,252)	136%	Higher than expected lease, dog licence, and animal control revenues
Human Resources	118,156	118,156	-	100%	Higher than expected building permit, plumbing permit, electrical permit and rezoning fees
Sustainable Planning and Community Development	2,874,067	2,529,050	(345,017)	114%	
Engineering and Public Works					
Asphalt Plant, Permits & Fees, Municipal Access Agreement	361,941	421,707	59,766	86%	Sale of reclaimed asphalt lower than expected
Third Party Billings	1,156,614	525,000	(631,614)	220%	Offsetting expenditures
Parking Services	15,354,923	16,120,000	765,077	95%	Fewer parking fines issued
Solid Waste Operations	2,806,516	2,836,914	30,398	99%	
	47,130,932	44,274,833	(2,856,099)	106%	
Parks, Recreation and Culture					
Parks	941,110	796,828	(144,282)	118%	Higher than expected facility rentals revenue, Cdn Urban Forest Conference - offsetting expenditures
Recreation & Culture	596,612	561,490	(35,122)	106%	Revenues exceeded expectations in recreation programs, summer day camps, and rental of public space, ice and festival equipment
Crystal Pool	1,031,871	937,256	(94,615)	110%	Higher than expected facility rental revenue, aquatic registration fees, and public swimming/fitness revenue
Royal Athletic Park	451,155	414,500	(36,655)	109%	event growth (attendance and operational model)
	3,020,748	2,710,074	(310,674)	111%	
Fire Department/VEMA	130,288	44,250	(86,038)	294%	Higher than expected training revenues (training provided to external parties).
Police	10,441,785	9,886,019	(555,766)	106%	Special Event recoveries
Property Taxes	116,176,010	116,174,865	(1,145)	100%	
Total City Operations	179,706,281	175,926,955	(3,779,326)	102%	
Self Financed Programs					
Conference Centre	7,980,888	8,494,421	513,533	94%	Event flow-through cost paid by clients lower than expected
Water Utility	19,904,260	17,867,850	(2,036,410)	111%	Consumption higher than expected
Sewer Utility	8,993,034	7,870,233	(1,122,801)	114%	
Total Self Financed	36,878,182	34,232,504	(2,645,678)	108%	
	216,584,463	210,159,459	(6,425,004)	103%	

Appendix A - Budget to Actual Operating Revenues and Expenditures

City of Victoria - Operating Budget Expenditures
For the Twelve Months Ending December 31, 2014

Description	Actual 31-Dec-14	2014 Budget	Budget Remaining	%	Comments
Corporate					
Contingencies	-	1,000,000	1,000,000	0%	
Fees and Interest	147,528	170,000	22,472	87%	
Grants	2,588,198	2,598,365	10,167	100%	
Miscellaneous	1,221,062	1,107,000	(114,062)	110%	Includes Canada Day expenditures (offsetting revenues),
Economic Development Implementation	179,173	250,000	70,827	72%	
Hotel Tax	2,153,910	1,800,000	(353,910)	120%	Offsetting revenue (transfers to VCC & Tourism Victoria for Destination Marketing)
Transfers to Own Funds	17,818,169	15,148,400	(2,669,769)	118%	Gas tax revenue \$1.2M higher than expected, interest revenue \$1.1M higher than expected, recreation ticket surcharge
Greater Victoria Public Library	4,362,120	4,439,201	77,081	98%	Lower than anticipated building maintenance costs
Debt Principal, Interest and Reserve Transfer	7,851,519	7,827,583	(23,936)	100%	MFA Issue 85 final surplus payout
Transfer to Capital Budget	12,371,491	12,371,491	-	100%	
Council	684,065	693,551	9,486	99%	
City Manager's Office	279,764	322,367	42,603	87%	
Finance	6,213,953	6,239,588	25,635	100%	
Human Resources	1,695,940	1,720,166	24,226	99%	
Legislative and Regulatory Service	3,603,003	3,808,450	205,447	95%	Lower than anticipated lease/rental expenditures, lower than anticipated election expenditures
Legal Services	742,373	745,217	2,844	100%	
Citizen Engagement & Strategic Planning	1,236,949	1,238,684	1,735	100%	
Sustainable Planning and Community Development	4,345,950	4,614,357	268,407	94%	Vacancies
Engineering and Public Works					
Public Works	12,235,322	12,946,010	710,688	95%	Bridges - less maintenance than anticipated, vacancies
Support Services	1,430,709	1,507,954	77,245	95%	
Transportation	2,047,145	2,063,821	16,676	99%	
Third Party Billings	963,702	425,000	(538,702)	227%	Offsetting revenues
Underground Utilities and Facilities	4,038,985	4,124,754	85,769	98%	
Parking Services	7,174,924	7,940,000	765,076	90%	Fewer parking fines written off, reduced reserve transfer
Solid Waste & Recycling	2,770,880	2,836,913	66,033	98%	
Subtotal Engineering & Public Works	30,661,668	31,844,452	1,182,784	96%	
Parks, Recreation and Culture					
Parks, Rec & Culture Administration	150,315	263,636	113,321	57%	Vacancies
Recreation & Culture	2,103,514	2,250,610	147,096	93%	Public Art creation - offsetting funding source
Parks	9,318,934	9,318,135	(799)	100%	
Crystal Pool	2,322,264	2,283,528	(38,736)	102%	Offsetting revenues
Royal Athletic Park	561,816	513,480	(48,336)	109%	Increased facility preparations and operational needs due to growth of events, offsetting revenues
Subtotal Parks, Recreation and Culture	14,456,843	14,629,389	172,546	99%	
Fire Department					
Fire	15,186,322	14,872,681	(313,641)	102%	Collective agreement settlements with retroactive salary increases
Victoria Emergency Management Agency	405,911	439,888	33,977	92%	Vacancies
Police Department	48,601,891	48,046,125	(555,766)	101%	As per agreement any surplus is transferred to reserve
Total City Operations	176,807,799	175,926,955	(880,844)	101%	
Self Financed Programs					
Conference Centre	7,980,888	8,494,421	513,533	94%	Event flow-through cost paid by clients lower than expected
Water Utility	19,904,260	17,867,850	(2,036,410)	111%	
Sewer Utility	8,993,034	7,870,233	(1,122,801)	114%	
Total Self Financed	36,878,182	34,232,504	(2,645,678)	108%	
	213,685,981	210,159,459	(3,526,522)	102%	

Appendix B - Budget to Actual Capital Expenditures

**City of Victoria
Capital Budget Expenditures
For the Twelve Months Ending December 31, 2014**

	2014 Actual	2014 Budget	Budget Remaining	% Spent	Comments
EXPENDITURES (excludes commitments)					
Capital Equipment	4,335,671	7,353,577	3,017,906	58.96%	Purchases/Projects in progress: Vehicles \$980K, Small Equipment and Tools \$120K, IT Data Centre-\$440K, Asset Management System-\$424K, Police Equipment \$565K,
Capital Projects					
Sewer Utility	2,106,424	4,640,303	2,533,879	45.39%	Deferred sewer main upgrade projects pending decision on Wastewater Treatment Facilities,
Water Utility	4,080,996	4,084,129	3,133	99.92%	
Downtown Beautification	295,335	383,021	87,686	77.11%	
Buildings	5,610,660	7,491,045	1,880,385	74.90%	Projects underway: Parkade Repair & Rehabilitation \$778K, Fire Hall Assessment \$144K, Crystal Pool Infrastructure Upgrades/Crystal Pool Capital Planning \$786K
Storm Drains	3,617,035	4,974,690	1,357,655	72.71%	Projects underway: Stormwater Quality Facilities \$159K Stormwater Outfall - Rock Bay \$326K,
Transportation and Streets	4,524,709	6,010,258	1,485,549	75.28%	Projects underway: Douglas Street Retaining Wall \$1.2M
Johnson Street Bridge Replacement	17,644,304	47,000,000	29,355,696	37.54%	
Environmental and Shoreline	1,194,346	3,321,030	2,126,684	35.96%	Projects underway: Remediation of City properties \$1.2M, Victoria Harbour Marine Protection \$678K, Dallas Road Seawall Balustrade Replacement \$240K
Parks Upgrades, Pathways and Greenways	1,227,093	2,173,507	946,414	56.46%	Projects underway: David Foster Harbour Pathway \$850K, Vic West Park Improvements \$50K
Parks Acquisition	-	2,000,000	2,000,000	0.00%	Project dependent on availability of land: new park in Burnside Gorge area
OCP & DCAP Implementation	95,178	479,935	384,757	19.83%	
Total Capital Expenditures	44,731,750	89,911,495	45,179,745	49.75%	

DRAFT Financial Statements of

**THE CORPORATION OF THE
CITY OF VICTORIA**

Year ended December 31, 2014

THE CORPORATION OF THE CITY OF VICTORIA

Financial Statements

DRAFT

Year ended December 31, 2014

Financial Statements

Management's Responsibility for the Financial Statements	1
Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the City of Victoria (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's financial statements.

Chief Administrative Officer

Director of Finance

Governance and Priorities Committee - 23 Apr 2015
INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of The Corporation of the City of Victoria

We have audited the accompanying financial statements of The Corporation of the City of Victoria, which comprise the statement of financial position as at December 31, 2014, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Victoria as at December 31, 2014, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

Month DD, YYYY

Victoria, Canada

THE CORPORATION OF THE CITY OF VICTORIA

Statement of Financial Position

DRAFT

December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash and cash equivalents (note 2)	\$ 97,385,214	\$ 77,029,860
Accounts receivable:		
Property taxes	3,795,694	3,689,048
Other (note 3)	25,587,485	23,990,209
Investments (note 4)	93,700,066	79,947,834
Other assets	1,036,018	820,177
	221,504,477	185,477,128
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	23,620,327	25,713,605
Deposits and prepayments	8,193,837	8,165,942
Deferred revenue (note 6)	11,734,791	11,374,879
Long-term debt (note 7)	68,353,996	48,684,183
Obligations under capital lease (note 8)	284,587	428,679
Employee future benefit obligations (note 9)	15,501,792	14,139,728
	127,689,330	108,507,016
Net financial assets	93,815,147	76,970,112
Non-financial assets:		
Tangible capital assets (note 10)	387,765,232	357,742,684
Inventory of supplies	845,240	861,738
Prepaid expenses and deposits	913,358	633,735
	389,523,830	359,238,157
Accumulated surplus (note 11)	\$ 483,338,977	\$ 436,208,269

Commitments (note 15)

Contingent liabilities (note 16)

The accompanying notes are an integral part of these financial statements.

On behalf of the City:

 Director of Finance

THE CORPORATION OF THE CITY OF VICTORIA

Statement of Operations

DRAFT

Year ended December 31, 2014, with comparative information for 2013

	Financial Plan (note 17)	2014	2013
Revenue:			
Net taxes available for municipal purposes (note 12)	\$ 121,394,360	\$ 121,800,171	\$ 117,527,959
Net grants in lieu of taxes available for municipal purposes	6,077,500	5,657,610	6,002,398
Sale of goods and services	38,396,853	40,075,210	39,213,870
Sale of water	17,702,850	19,712,023	18,014,368
Licences and permits	3,705,500	3,809,220	3,762,836
Fines	5,080,000	3,976,072	4,648,084
Rentals and leases	683,000	915,519	964,149
Other penalties and interest	780,000	886,207	796,462
Investment Income	1,700,000	3,567,450	2,344,116
Government transfers (note 13)	29,634,386	15,380,134	10,354,581
Actuarial adjustment on debt	-	553,700	473,053
Miscellaneous	3,260,416	4,827,449	5,442,979
Total revenue	228,414,865	221,160,765	209,544,855
Expenses:			
General government	37,832,171	39,202,029	36,887,351
Protective services	65,708,051	65,930,883	64,194,738
Transportation services	19,021,898	19,618,419	20,345,311
Environmental and public health services	6,960,133	6,795,319	6,573,576
Community planning	3,084,908	2,874,152	2,883,739
Parks recreation and community development	23,848,106	23,772,456	24,916,529
Water utility	12,285,895	12,375,086	12,895,938
Sewer utility	2,664,214	3,461,713	5,233,134
Total expenses	171,405,376	174,030,057	173,930,316
Annual surplus	57,009,489	47,130,708	35,614,539
Accumulated surplus, beginning of year	436,208,269	436,208,269	400,593,730
Accumulated surplus, end of year	\$ 493,217,758	\$ 483,338,977	\$ 436,208,269

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

Statement of Change in Net Financial Assets

DRAFT

Year ended December 31, 2014, with comparative information for 2013

	Financial Plan (note 17)	2014	2013
Annual surplus	\$ 57,009,489	\$ 47,130,708	\$ 35,614,539
Acquisition of tangible capital assets	(89,911,495)	(40,429,276)	(28,522,210)
Amortization of tangible capital assets	-	10,406,728	9,584,265
Gain on disposal of tangible capital assets	-	(84,540)	(172,514)
Proceeds on disposal of tangible capital assets	-	84,540	2,551,741
	(89,911,495)	(30,022,548)	(16,558,718)
Consumption of inventory of supplies	-	16,498	(50,023)
Purchase of prepaid expenses and deposits	-	(279,623)	126,997
	-	(263,125)	76,974
Change in net financial assets	(32,902,006)	16,845,035	19,132,795
Net financial assets, beginning of year	76,970,112	76,970,112	57,837,317
Net financial assets, end of year	\$ 44,068,106	\$ 93,815,147	\$ 76,970,112

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

Statement of Cash Flows

DRAFT

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 47,130,708	\$ 35,614,539
Items not involving cash:		
Amortization of tangible capital assets	10,406,728	9,584,265
Gain on disposal of tangible capital assets	(84,540)	(172,514)
Change in employee benefits and other liabilities	1,362,064	873,310
Actuarial adjustment on debt	(553,700)	(473,053)
Change in non-cash operating assets and liabilities:		
Accounts receivable - other	(1,597,276)	(3,322,021)
Property taxes receivable	(106,646)	360,051
Other financial assets	(215,841)	16,842
Accounts payable and accrued liabilities	(2,093,278)	5,737,626
Deposits and prepayments	27,895	668,446
Deferred revenue	359,912	120,636
Inventory of supplies	16,498	(50,023)
Prepaid expenses and deposits	(279,623)	126,997
	54,372,901	49,085,101
Capital activities:		
Cash used to acquire tangible capital assets	(40,429,276)	(28,522,210)
Proceeds on disposal of tangible capital assets	84,540	2,551,741
	(40,344,736)	(25,970,469)
Investing activities:		
Increase in investments	(13,752,232)	(11,981,792)
Financing activities:		
Debt issued	23,200,000	-
Debt repaid	(2,976,487)	(2,636,284)
Capital lease repaid	(144,092)	(141,240)
	20,079,421	(2,777,524)
Increase in cash and cash equivalents	20,355,354	8,355,316
Cash and cash equivalents, beginning of year	77,029,860	68,674,544
Cash and cash equivalents, end of year	\$ 97,385,214	\$ 77,029,860

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements

DRAFT

Year ended December 31, 2014

The Corporation of the City of Victoria (the "City") is incorporated and operates under the provisions of the Local Government Act and the Community Charter of British Columbia.

The City provides municipal services such as police, fire, public works, engineering, planning, parks, recreation, community development, conference facilities and other general government operations.

1. Significant accounting policies:

The financial statements of The Corporation of the City of Victoria (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the City are as follows:

(a) Reporting entity:

The financial statements include a combination of all the assets, liabilities, accumulated surplus, revenues and expenses of all of the City's activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

(i) Consolidated entities

The City does not control any significant external entities and accordingly no entities have been consolidated in the financial statements.

(ii) Funds held in trust

The financial statements exclude trust assets that are administered for the benefit of external parties (note 14).

(b) Basis of accounting:

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

1. Significant accounting policies (continued):

(d) Deferred revenue:

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

(e) Deposits and prepayments:

Receipts restricted by third parties are deferred and reported as deposits and are refundable under certain circumstances. Deposits and prepayments are recognized as revenue when qualifying expenditures are incurred.

(f) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved bylaw rates and the anticipated assessment related to the current year. As tax revenues are based on assessed value, unresolved assessment appeals at year end represent a property tax revenue loss. Expected losses are accrued at year end using assessment projections by the Capital Assessment Office. Assessments that have been not been appealed or are resolved prior to year-end are highly collectible due the Provincial statutes regarding property tax sale.

(g) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(h) Cash and cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Cash equivalents also include investments in the Municipal Finance Authority of British Columbia ("MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

(i) Long-term debt:

Long-term debt is recorded net of related sinking fund balances and actuarial earnings.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

1. Significant accounting policies (continued):

(j) Employee future benefits:

- (i) The City and its employees make contributions to the Municipal Pension Plan. As this is a multi-employer pension plan, contributions are expensed as incurred.
- (ii) Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(k) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings	20 - 50
Furniture, equipment, technology and motor vehicles	5 - 25
Roads, bridges and highways	10 - 80
Water infrastructure	35 - 125
Sewer infrastructure	50 - 100
Drainage infrastructure	50 - 100

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

1. Significant accounting policies (continued):

(k) Non-financial capital assets (continued):

(i) Tangible capital assets (continued)

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources

Natural resources are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Interest capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(m) Foreign currency:

Monetary items denominated in U.S. dollars are converted to Canadian dollars for financial statement purposes at exchange rates in effect at the reporting date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Gains and losses on foreign currency translations are included as revenue (expenses).

(n) Comparative figures:

Certain comparative figures have been reclassified to conform with presentation adopted in the current year.

.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

1. Significant accounting policies (continued):

(o) Future accounting pronouncements:

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2014 and have not been applied in preparing these financial statements. Those expected to potentially impact the financial statements of the City are as follows:

(i) PS 3450 Financial Instruments:

Financial Instruments PS 3450 and Foreign Currency Translation PS 2601 have been approved by the PSAB and are effective for years commencing on or after April 1, 2015. The standards are to be adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the entity's accounting policy choices.

(ii) PS 3260 Contaminated Sites:

This section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites. The City will be required to recognize a liability when contamination exceeds an accepted environmental standard and the City is directly responsible, or accepts responsibility for, the damage. The liability will be measured at the City's best estimate of the costs directly attributable to remediation of the contamination. The Section is effective for fiscal periods beginning on or after April 1, 2014. The impact of adoption of this standard is being evaluated by management.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

2. Cash and cash equivalents:

	2014	2013
Cash and cash equivalents:		
Cash	\$ 4,426,944	\$ 3,798,671
MFA Money Market Funds	86,958,270	73,231,189
Guaranteed investment certificates	6,000,000	-
	\$ 97,385,214	\$ 77,029,860

3. Accounts receivable:

	2014	2013
Sewer	\$ 2,628,561	\$ 2,494,417
Water	11,264,255	9,644,264
Grants	4,197,802	3,440,140
Miscellaneous	8,181,564	9,053,148
Valuation allowance	(684,697)	(641,760)
	\$ 25,587,485	\$ 23,990,209

4. Investments:

Investments consist of bonds and guaranteed investment certificates and have costs that approximate market values. They have stated interest rates of 1.60% - 3.85% and various maturity dates to December 24, 2015.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

5. Accounts payable and accrued liabilities:

	2014	2013
Trade accounts payable	\$ 12,838,605	\$ 15,816,656
Payroll accounts payable	6,242,420	6,283,072
Contract holdbacks	2,380,840	893,784
School authorities	850,629	837,855
Capital Regional District	373,190	398,210
Legal settlements	517,670	1,090,930
Integrated recreation	105,204	106,600
BC Transit	173,788	156,288
Regional Hospital District	112,565	105,181
BC Assessment Authority	25,416	25,029
	\$ 23,620,327	\$ 25,713,605

6. Deferred revenue:

Deferred revenue includes the following:

	2014	2013
Building permit fees	\$ 1,964,003	\$ 1,999,061
Development cost charges	8,405,584	7,615,303
General operating deferred revenue	1,365,204	1,760,515
Total deferred revenue	\$ 11,734,791	\$ 11,374,879

Schedule of Building Permit Fees

	2014	2013
Opening balance of building permit fees	\$ 1,999,061	\$ 2,092,533
Add:		
Fees and contributions	1,866,032	1,651,399
	3,865,093	3,743,932
Less revenue earned	(1,901,090)	(1,744,871)
	\$ 1,964,003	\$ 1,999,061

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

6. Deferred revenue (continued):**Schedule of Development Cost Charges**

	2014	2013
Opening balance of unspent funds	\$ 7,615,303	\$ 6,673,707
Add:		
Development cost charges received during year	747,110	858,176
Interest earned	95,191	83,420
	8,457,604	7,615,303
Less amount spent on projects and recorded as revenue	(52,020)	-
	\$ 8,405,584	\$ 7,615,303

Development Cost Charges include the following:

	2014	2013
Water and environment	\$ 912,817	\$ 901,548
Streets	19,999	19,752
Transportation	3,197,355	2,959,628
Water	323,792	289,082
Drainage	194,176	174,802
Sewage	1,178,926	1,027,484
Parkland acquisition	1,917,016	1,662,332
Parkland development	661,503	580,675
	\$ 8,405,584	\$ 7,615,303

There were no waivers and/or reductions in development cost charges during 2014 or 2013.

7. Long-term debt:

The City issues debt instruments through the MFA, pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. The debt is issued on a sinking fund basis, whereby MFA invests the City's principal payments so that the payments, plus investment income will equal the original outstanding debt amount at the end of the repayment period. Actuarial earnings on debt represent the repayment and/or forgiveness of debt by the MFA using surplus investment income generated by the principal payments.

Interest rates on long-term debt range from 2.10% to 4.90%. The weighted average interest rate for 2014 was 3.50 % (2013 - 4.65%).

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

7. Long-term debt (continued):

- (a) Gross amount of debt and the repayment and actuarial earnings to retire the debt are as follows:

	Gross debt	Repayment and actuarial earnings	Net debt 2014	Net debt 2013
General Capital Fund	\$ 84,114,785	\$ 15,760,789	\$ 68,353,996	\$ 48,684,183

- (b) Current period and future aggregate payments of net outstanding debenture debt, including sinking fund payments, over the next five years are as follows:

	General Capital Fund
2015	\$ 2,518,805
2016	2,533,917
2017	2,549,617
2018	2,565,928
2019	2,582,873

Scheduled debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$2,976,487 (2013 - \$2,636,284). Interest paid during the year was \$ 2,261,491 (2013 - \$2,848,064).

8. Obligations under capital lease:

The City has financed a fire truck by entering into capital leasing arrangements with the MFA. The City will acquire ownership of the equipment at the end of the lease term. Repayments are due as shown:

2015	\$ 151,347
2016	138,974
	290,321
Less amount representing interest (at a rate of 2%)	5,734
Present value of net minimum capital lease payments	\$ 284,587

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

9. Employee future benefit obligations:

The City provides sick leave and certain benefits to its employees. These amounts will require funding in future periods and are recorded as follows:

	Fire and other	Police	Total 2014	Total 2013
Employee benefit obligations:				
Vested benefits	\$ 3,072,184	\$ 6,412,601	\$ 9,484,785	\$ 9,400,209
Non-vested benefits	4,753,918	1,263,089	6,017,007	4,739,519
Accrued employee benefit obligation	7,826,102	7,675,690	15,501,792	14,139,728
Less funded amount	(4,319,252)	(6,184,547)	10,503,799	(9,964,793)
Unfunded employee benefit obligation	\$ 3,506,850	\$ 1,491,143	\$ 4,997,993	\$ 4,174,935

Vested benefits represent the actuarially determined value of the City's liability for future employee benefits which the City is contractually obligated to pay upon retirement to an employee, independent of his or her future employment. These benefits include sick leave and vacation in year of retirement for Police and Firefighters, deferred vacation for Police, and lump sum retirement payments.

Non-vested benefits represent the actuarially determined value of the City's liability for future employee benefits which the City is not contractually obligated to pay upon retirement to an employee, but is instead conditional on future employment. These benefits include sick leave, long service leave, personal leave program and benefit continuation while disabled.

Information about the City's benefit plans is as follows:

	2014	2013
Accrued benefit obligation:		
Balance, beginning of year	\$ 14,139,728	\$ 13,266,418
Service cost	1,115,300	1,151,200
Interest cost	600,300	527,600
Benefits payments	(864,800)	(909,000)
Plan amendment	100,500	-
Actuarial loss	313,677	46,841
Pension overcontributions	97,087	56,669
Accrued benefit liability, end of year	\$ 15,501,792	\$ 14,139,728

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

9. Employee future benefit obligations (continued):

The accrued benefit obligations and the net periodic benefit cost were estimated by actuarial valuation as of December 31, 2014.

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations are as follows:

	2014	2013
Discount rates	3.10 %	4.00 %
Expected future inflation rates	2.25 %	2.50 %
Expected wage and salary increases	2.33% to 4.38%	2.58% to 4.63%

The difference between the actuarially determined accrued benefit obligation as at December 31, 2014 of \$15,037,885 and the accrued benefit liability of \$15,501,792 is pension over-contributions of \$463,907. There is an unamortized actuarial loss of \$2,234,415 at December 31, 2014 that is being amortized over a period equal to the employees' average remaining service lifetime of 12 years.

Other pension plans

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 1,200 contributors from the City of Victoria.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015, with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City of Victoria paid \$9,808,373 (2013 - \$9,163,984) for employer contributions and City of Victoria employees paid \$7,807,076 (2013 - \$7,204,310) for the plan in fiscal 2014.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

9. Employee future benefit obligations (continued):

GVLRA – CUPE Long-Term Disability Trust

The Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relations Association representing a number of employers and the Canadian Union of Public Employees representing a number of CUPE locals. The Trust's sole purpose is to provide a long-term disability income benefit plan. The City and its employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2014. At December 31, 2014, the total plan provision for approved and unreported claims was \$15,368,300 with a net surplus of \$270,044. The City paid \$539,704 (2013 - \$528,571) for employer contributions and City employees paid \$539,704 (2013 - \$528,571) for employee contributions to the plan in fiscal 2014.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

Year ended December 31, 2014

10. Tangible capital assets:

	Land and land improvements	Buildings	Furniture, equipment, technology and motor vehicles	Roads, bridges and highways	Water infrastructure	Sewer infra- structure	Drainage infra- structure	Assets under construction	Total 2014	Total 2013
Cost:										
Balance, beginning of year	\$136,693,576	90,770,544	58,088,624	86,295,730	53,077,355	16,440,681	12,436,445	34,846,843	\$488,649,798	\$463,247,783
Additions	5,192,139	10,451,192	4,782,673	4,477,100	2,572,336	2,338,921	4,014,755	23,018,169	56,847,285	38,518,947
Disposals/ transfers	(6,257,782)	(143,695)	(1,798,322)	-	-	-	-	(10,030,902)	(18,230,701)	(13,116,932)
Balance, end of year	135,627,933	101,078,041	61,072,975	90,772,830	55,649,691	18,779,602	16,451,200	47,834,110	527,266,382	488,649,798
Accumulated amortization:										
Balance, beginning of year	115,340	35,494,879	35,221,759	44,334,753	7,952,315	5,155,964	2,632,104	-	130,907,114	122,063,817
Disposals	-	(14,370)	(1,798,322)	-	-	-	-	-	(1,812,692)	(740,968)
Amortization	43,163	2,434,973	4,911,535	2,200,817	498,026	175,919	142,295	-	10,406,728	9,584,265
Balance, end of year	158,503	37,915,482	38,334,972	46,535,570	8,450,341	5,331,883	2,774,399	-	139,501,150	130,907,114
Net book value, end of year	\$135,469,430	63,162,559	22,738,003	44,237,260	47,199,350	13,447,719	13,676,801	47,834,110	\$387,765,232	\$357,742,684

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

10. Tangible capital assets (continued):

(a) Work in progress

Assets under construction totaling \$47,834,110 (2013 - \$34,846,843) have not been amortized. Amortization of these assets will commence when the asset is available for service.

(b) Contributed assets

No contributed assets have been recognized during 2014 or 2013.

(c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures

The City manages and controls various works of art and non-operational historical cultural assets. These assets are not recorded as tangible capital assets.

(e) Write-down of tangible capital assets

No write-down of tangible capital assets occurred during 2014 or 2013.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2014	2013
Surplus:		
Equity in tangible capital assets	\$319,126,649	\$308,629,822
Operating Fund	2,765,431	3,342,583
Unfunded employee benefit obligations	(4,997,993)	(4,174,935)
Total surplus	316,894,087	307,797,470
Reserves:		
Financial Stability Reserves	3,087,284	2,598,515
Equipment and Infrastructure Replacement Fund	78,903,972	53,479,694
Gas Tax	8,439,766	6,436,998
Economic Development	743,626	734,445
Debt Reduction	25,319,981	21,255,012
Self Insurance	3,780,040	3,733,373
Working Capital Fund	3,885,046	3,837,082
Tax Sale Lands Fund	7,201,808	9,663,642
Parks and Greenways Acquisition Fund	2,297,832	2,269,464
Local Amenities	103,320	102,044
Affordable Housing	2,140,697	1,896,984
Climate Action	505,768	380,950
Water Utility	8,488,272	4,900,973
Sewer Utility	20,614,264	16,403,688
Tree conservation	418,801	339,873
Art in public places	436,960	301,565
Downtown Core Area Public Realm Improvements	58,090	57,373
Heritage Building Seismic Upgrades	19,363	19,124
Total reserves	166,444,890	128,410,799
	\$483,338,977	\$436,208,269

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

12. Taxation:

Taxation revenue, reported on the statement of operations, is comprised of the following:

	2014	2013
General taxation:		
Property and business taxes	\$201,629,044	\$194,541,230
Utility 1% tax	1,361,099	1,377,495
Special assessments:		
Boulevard frontage	545,639	563,885
Specified area improvement	195,131	129,053
Sewer frontage	787,181	762,423
Hotel tax:		
Tourism Victoria - Destination Marketing Commission	2,153,910	2,058,724
Victoria Conference Centre	581,200	581,200
	<u>207,253,204</u>	<u>200,014,010</u>
Less taxes levied for other authorities:		
Capital Regional District	16,315,717	14,404,133
School Authorities	50,249,369	50,143,568
Regional Hospital District	7,396,246	7,128,838
Municipal Finance Authority	4,802	4,771
BC Assessment Authority	1,589,930	1,589,638
BC Transit	8,917,165	8,253,915
Business Improvement Association	979,804	961,188
	<u>85,453,033</u>	<u>82,486,051</u>
	<u>\$121,800,171</u>	<u>\$117,527,959</u>

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

13. Government transfers:

The City recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the statement of operations and accumulated surplus are:

	2014	2013
Traffic fine revenue sharing	\$ 1,872,920	\$ 1,867,217
Jail	46,095	59,288
Gas Tax	3,316,307	2,146,763
Infrastructure grants:		
General capital	406,916	2,183,326
Sewer	-	-
Water	-	-
Johnson Street Bridge	9,648,373	3,935,188
General capital	89,523	162,799
Total revenue	\$ 15,380,134	\$ 10,354,581

The Traffic Fine Revenue Sharing program is an unconditional grant provided to municipalities to assist in ensuring community safety and addressing community specific strategic priorities. The program returns 100% of net revenues from traffic violations to municipalities that are directly responsible for paying for policing.

Gas Tax is provided by the Government of Canada. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities. These funds may be used towards designated infrastructure projects that fall within one of the eligible project categories.

Infrastructure grants related to the Johnson Street Bridge Replacement Project are restricted to eligible expenses as defined by the funding agreement established between the City, Union of British Columbia Municipalities and The Government of Canada's Build Canada Fund Program.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

14. Trust funds:

Trust funds administered by the City have not been included in the statement of financial position nor have their operations been included in the statement of operations and accumulated surplus.

	2014	2013
Ross Bay Cemetery	\$ 888,385	\$ 868,370
Nature Interpretation Centre	597,326	589,951
Bastion Square Revitalization	228,975	226,148
	\$ 1,714,686	\$ 1,684,469

The Ross Bay Cemetery Trust is a fund for the non-commercial Ross Bay Cemetery and is used for perpetual maintenance. The Nature Interpretation Centre is a trust for the construction of a nature interpretation centre in Beacon Hill Park. The Bastion Square Revitalization Trust is a trust received from the Bastion Square Association Society for the sole purpose of improving Bastion Square.

15. Commitments:

In the normal course of business, the City enters into commitments for both capital and operational expenses. These commitments have been budgeted for within the appropriate annual budget and have been approved by Council.

In 2010 residents authorized the City, by referendum, to borrow up to \$49,200,000 for the planning, study, design, and construction of a bridge to replace the Johnson Street Bridge and to decommission the existing bridge. The City has assumed a low interest loan of \$33,400,000 from the CMHC under the Municipal Infrastructure Lending Program in respect of the authorized borrowing for this project. The estimated cost for the Johnson Street Bridge is \$92.8 million and completion is expected in 2017. At December 31, 2014, construction contracts of \$70 million were in process with estimated costs to complete of \$48 million.

On March 23, 2011, the City signed a contribution agreement with the Federal Government agreeing to financial assistance towards the project of \$21 million through the Building Canada Fund. On March 3, 2012, the Federal Government announced an additional commitment of \$16.5 million towards the project through the Federal Gas Tax Fund.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

16. Contingent liabilities:

The City is a defendant in various lawsuits. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. Included in accumulated surplus is an insurance reserve of \$3,780,040 (2013 - \$3,733,373) which is maintained to offset settlements and insurance coverage has been maintained to provide for insurable claims in excess of insurance deductibles.

In 2008 the City joined the Municipal Insurance Association (the "MIA") and all insurable claims from that date forward are subject to a liability deductible of \$250,000, prior to 2008, claims are subject to a deductible of \$1,000,000. Should the MIA pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit.

Change orders for significant additional construction costs have been presented to the City by contractors engaged in the construction of the Johnson Street Bridge. The City represented by lawyers are currently in a mediation process. Any settlement is subject to City Council approval.

Under borrowing arrangements with the Municipal Finance Authority, the City is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are included in the City's financial assets as other assets and are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City. At December 31, 2014 the balance of the deposits was \$1,032,325 (2013 - \$814,660). At December 31, 2014 there were contingent demand notes of \$2,197,196 (2013 - \$1,794,839) which are not included in the financial statements of the City.

Capital Regional District debt, under provisions of the Local Government Act, is a direct, joint and several liability of the Capital Regional District and each member municipality within the Capital Regional District, including the City.

The City is reviewing environmental objectives and potential liabilities for its activities and properties including potential site reclamation obligations. The amount of any such obligations is not presently determinable.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

16. Contingent liabilities (continued):

The City is a shareholder and member of Capital Regional Emergency Service Telecommunications (CREST) Incorporated, which provides centralized emergency communications and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service organizations throughout the Greater Victoria region and the Gulf Islands. Members' obligations to share in funding ongoing operations and any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.

In 2011, the Federal Government of Canada entered into an agreement with the Capital Regional District to provide a financial contribution for the new, permanent, safe, transitional and supportive housing. Subsequently, the Capital Regional District entered into a sub-project funding agreement in which \$1,200,000 was contributed to the City towards the purchase of two properties within the City. The agreement states that if the properties are not operated for their intended purpose or are sold and the proceeds of disposition are not applied to providing similar services then the City will be required to repay the contribution amount. The amount of the required repayment is dependent on the length of the time that the intended purpose of the contribution is met and extends to March 31, 2026 at which point no further repayment is required. In 2013, the purchase of one of the properties by Provincial Rental Housing Corp included transfer of the funding agreement repayment obligation applicable to that property. The funding agreement conditions of the remaining property held by the City continue to be applicable.

17. Financial plan data:

The financial plan data presented in these financial statements is based upon the 2014 operating and capital financial plan approved by Council on May 8, 2014. The chart below reconciles the approved financial plan to the financial plan figures reported in these financial statements.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

17. Financial plan data (continued):

	Budget amount
Revenues:	
Operating financial plan	\$295,217,825
Capital financial plan	89,911,495
	<u>385,129,320</u>
Less:	
Transfers from other funds	(71,354,090)
Collections for other Governments	(85,360,365)
Total revenue	<u>228,414,865</u>
Expenses:	
Operating financial plan	295,217,825
Capital financial plan	89,911,495
Amortization	8,000,000
Stormwater overhead allocation	350,000
	<u>393,479,320</u>
Less:	
Capital expenditures	(89,911,495)
Transfer to other funds	(41,222,464)
Debt principal payments	(5,579,620)
Collections for other Governments	(85,360,365)
Total expenses	<u>171,405,376</u>
Annual surplus	<u>\$ 57,009,489</u>

18. Segmented information:

The City of Victoria is a diversified municipal organization that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. City services are provided by departments and their activities reported within these funds. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

18. Segmented information (continued):

(i) General Government:

The General Government operations provide the functions of Building Services and Maintenance, Corporate Administration, Finance, Human Resources, Legislative Services and any other functions categorized as non-departmental.

(ii) Protective Services:

Protective Services is comprised of four different functions, including the City's Emergency Management Agency, Fire, Police and Regulatory and Development Services. The Emergency Management Agency prepares the City to be more prepared and able to respond to, recover from, and be aware of, the devastating effects of a disaster or major catastrophic event that will impact the community. The Fire Department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies. The Police Department ensures the safety of the lives and property of Victoria as well as Esquimalt citizens through the enforcement of municipal bylaws, criminal laws and the laws of British Columbia, the maintenance of law and order, and the prevention of crime. The mandate of the Regulatory and Development Services is to promote, facilitate and enforce general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community and provide a full range of planning services related to zoning, development permits, variance permits, and current regulatory issues.

(iii) Transportation Services:

Transportation Services is responsible for a wide variety of transportation functions such as Parking, Engineering Operations and Streets. Services provided include infrastructure development and maintenance, traffic control, transportation planning, review of land development impacts on transportation, traffic management, pedestrian and cycling issues, on-street parking regulations, including street signs and painting as well as traffic signal timing.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

18. Segmented information (continued):

(iv) Environmental and Public Health Services:

The Environmental and Public Health Services is comprised of four sections in the areas of Solid Waste Services, Storm Drains, Street Cleaning and Public Works. The Solid Waste Collection and Recycling Operations Section is responsible for the collection of household garbage. Storm Drains section provides the design, inspection and technical supervision of civil engineering projects related to the construction and maintenance of the storm drain collection systems to protect public health. The Street Cleaning Section is responsible for the collection and disposal of litter and debris from streets, sidewalks and squares. The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

(v) Community Planning:

Community Planning works to achieve the City's community planning goals through the official community plan, neighbourhood plans, special sector and precinct plans, urban design and other policy initiatives. The division is also responsible for the heritage program, downtown vitality and public use of space.

(vi) Parks, Recreation and Community Development:

Parks is responsible for the maintenance, planning and development of all park facilities such as ornamental gardens, natural ecosystems, sport and entertainment venues and playgrounds for recreational and cultural enjoyment in a beautiful and safe environment; preserves and enhances green spaces on public lands. Recreation Services facilitates the provision of recreation and wellness programs and services through the City's pool, arena, Royal Athletic Park, Community and Seniors' Centres. Community Development co-ordinates and leads efforts to enhance our neighbourhoods, foster arts and culture, and works to create a city that is vibrant and people centred. This function also includes the Victoria Conference Centre which is one of the largest conference facilities in BC and plays a significant economic impact on the local economy.

(vii) Water and Sewer Utilities:

The Sewer Utility protects the environment and human health from the impacts of liquid wastes generated as a result of human occupation and development in the City. The Water Utility delivers clean, safe and aesthetically pleasing potable water, in accordance with the Provincial Drinking Water Protection Act, to the citizens of the City of Victoria and Township of Esquimalt. The water is for the purpose of domestic consumption and fire fighting.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2014

18. Segmented information (continued):

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The General Fund reports on municipal services that are funded primarily by taxation such as property taxes and other tax revenues. Taxation and payments-in-lieu of taxes are apportioned to the General Fund services based on budgeted taxation revenue as presented in the financial plan.

The allocation to other expenses includes the interdepartmental recoveries of asset charges which results in negative expense balances for certain departments.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

Year ended December 31, 2014

18. Segmented information (continued):

2014	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Community Planning	Parks Recreation and Community Development	Water Utility	Sewer Utility	Total
Revenue:									
Taxation	\$ 41,313,773	\$ 53,067,422	\$ 5,915,117	\$ 8,692,565	\$ 1,633,376	\$ 16,048,347	\$ -	\$ 787,181	\$127,457,781
Goods and services	272,660	7,541,507	11,378,852	2,806,516	220	9,072,224	20,205,038	8,510,216	59,787,233
Government transfers	3,858,841	1,872,920	9,648,373	-	-	-	-	-	15,380,134
Other	9,084,133	377,370	4,792,229	-	2,868,747	1,212,178	200,960	-	18,535,617
Total revenue	54,529,407	62,859,219	31,734,571	11,499,081	4,502,343	26,332,749	20,405,998	9,297,397	221,160,765
Expenses:									
Salaries and wages	14,260,213	59,668,010	10,835,409	4,237,841	2,646,245	12,047,808	1,994,829	1,617,744	107,308,099
Materials, supplies and services	4,533,201	3,423,283	8,345,183	2,223,257	155,489	8,946,990	9,181,943	659,700	37,469,046
Interest and other	14,985,084	2,052,875	(2,528,305)	61,726	72,418	2,494,858	699,178	1,008,350	18,846,184
Amortization	5,423,531	786,715	2,966,132	272,495	-	282,800	499,136	175,919	10,406,728
Total expenses	39,202,029	65,930,883	19,618,419	6,795,319	2,874,152	23,772,456	12,375,086	3,461,713	174,030,057
Annual surplus (deficit)	\$ 15,327,378	\$ (3,071,664)	\$ 12,116,152	\$ 4,703,762	\$ 1,628,191	\$ 2,560,293	\$ 8,030,912	\$ 5,835,684	\$ 47,130,708

THE CORPORATION OF THE CITY OF VICTORIA

Notes to Financial Statements (continued)

Year ended December 31, 2014

18. Segmented information (continued):

2013	General Government	Protective Services	Transportation Services	Environmental and Public Health Services	Community Planning	Parks Recreation and Community Development	Water Utility	Sewer Utility	Total
Revenue:									
Taxation	\$ 41,511,208	\$ 50,814,961	\$ 5,521,969	\$ 7,976,977	\$ 2,401,142	\$ 14,541,677	\$ -	\$ 762,423	\$123,530,357
Goods and services	290,194	7,465,944	11,107,361	2,592,561	385	9,506,116	18,564,956	7,700,721	57,228,238
Government transfers	4,552,176	1,867,217	3,935,188	-	-	-	-	-	10,354,581
Other	7,900,555	356,696	5,506,450	-	2,629,005	1,817,089	221,884	-	18,431,679
Total revenue	54,254,133	60,504,818	26,070,968	10,569,538	5,030,532	25,864,882	18,786,840	8,463,144	209,544,855
Expenses:									
Salaries and wages	13,024,096	57,391,609	11,172,494	4,112,906	2,688,652	11,913,059	2,159,542	1,675,390	104,137,748
Materials, supplies and services	4,699,943	3,752,674	8,537,850	2,594,095	100,761	8,956,053	9,303,185	700,030	38,644,591
Interest and other	14,612,546	2,156,744	(2,252,045)	(330,676)	94,326	3,784,692	808,369	2,689,757	21,563,713
Amortization	4,550,766	893,711	2,887,012	197,251	-	262,725	624,842	167,957	9,584,264
Total expenses	36,887,351	64,194,738	20,345,311	6,573,576	2,883,739	24,916,529	12,895,938	5,233,134	173,930,316
Annual surplus (deficit)	\$ 17,366,782	\$ (3,689,920)	\$ 5,725,657	\$ 3,995,962	\$ 2,146,793	\$ 948,353	\$ 5,890,902	\$ 3,230,010	\$ 35,614,539



AUDIT

The Corporation of the City of Victoria

Audit Findings Report
For the year ended December 31, 2014



April 14, 2015

kpmg.ca



The contacts at KPMG in connection with this report are:

Randy Decksheimer
 Lead Audit Engagement
 Partner

Tel: (250) 480-3515
 rdecksheimer@kpmg.ca

Donna Hobbs
 Audit Senior Manager

Tel: (250) 480-3632
 donnahobbs@kpmg.ca

Table of Contents

Executive summary	2
Audit risks and results	4
Critical accounting estimates	6
Financial statement presentation and disclosure	7
Other matters	8
Audit adjustments and differences	10
Selected financial information	11
Appendices	16
Appendix 1: Required communications	17
Appendix 2: Management representation letter	18
Appendix 3: Value for fees	22
Appendix 4: Audit quality and risk management	23
Appendix 5: Current developments	24

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

Purpose of this report

The purpose of this Audit Findings Report is to assist you, as council members, in your review of the results of our audit of the financial statements of the City of Victoria as at and for the year ended December 31, 2014.

Materiality

We determine materiality in order 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. For the current period, we have determined a materiality of **\$3,750,000**.

Audit risks and results

As part of our audit planning, we identified **significant financial reporting** risks that, by their nature, require special audit consideration.

By focusing on these risks, we established an overall audit strategy and effectively targeted our audit procedures. We are satisfied that our audit work has appropriately dealt with the risks.

Critical accounting estimates

Overall, we are satisfied with the reasonability of **critical accounting estimates** taken. The most critical areas of estimates relate to: the amortization of tangible capital assets, estimates for contingent liabilities and estimates for employee future benefits.

Significant accounting policies and practices

There have been no changes to significant accounting policies and practices to bring to your attention.

Independence

We are independent with respect to the City, within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and applicable legislation or regulation.

Control and other observations

We did not identify any control deficiencies that we determined to be material weaknesses in ICFR.

Executive summary (continued)

Finalizing the audit

As of April 14, 2015, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- completing our discussions with Council
- obtaining evidence of Council's acceptance of the financial statements
- obtaining the signed management representation letter
- completing subsequent event review procedures up to the date of Council approval of the financial statements, including updating our discussions with management regarding any changes to our understanding of legal matters.

We will update you on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

* This Audit Findings Report should not be used for any other purpose or by anyone other than the Mayor and Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings 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.

Audit adjustments and differences

We did not identify differences that remain uncorrected.

We identified adjustments that were communicated to management and subsequently corrected in the financial statements. Refer to Appendix 2 for Management's representation letter which includes a summary of corrected audit misstatements.

Audit risks and results

Materiality

We determine materiality in order 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 determination of materiality requires judgment and is based on a combination of quantitative and qualitative assessments, including the nature of account balances and financial statement disclosures.

We determine performance materiality (from materiality) in order to assess risks of material misstatement and to determine the nature, timing and extent of audit procedures.

We determine an audit misstatement posting threshold (from materiality) in order to accumulate misstatements identified during the audit.

For the current period, the following amounts have been determined:

	Materiality	Audit Misstatement Posting Threshold
2014	\$3,750,000 which has been set at 2.15% of expenses.	\$187,500, which has been set at 5% of materiality.

Materiality was \$3,500,000 in the prior year.

Inherent risk is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls.

We highlight our significant findings in respect of significant financial reporting risks as identified during our audit planning.

Significant financial reporting risks

As part of our audit planning, we identified the significant financial reporting risks that, by their nature, require special audit consideration. By focusing on these risks, we established an overall audit strategy and effectively target our audit procedures.

The *significant* financial reporting risks identified during our audit planning are listed below:

Significant financial reporting risks	Our significant findings from the audit
Risk of management override: Required to be identified as a significant risk per professional standards.	We performed the required procedures under professional standards: <ul style="list-style-type: none"> • Test all material journal entries made in the preparation of the year-end financial statements, entries potentially related to fraud or management override of controls, and inspect the relevant documentation for authorization and appropriateness • A retrospective review of estimates, including the assumptions used by management • Evaluating the business rationale of significant unusual transactions We are satisfied that our audit work has appropriately dealt with the risk of management override.
Estimates related to contingent liabilities	<ul style="list-style-type: none"> • Refer to discussion on legal settlement accruals (page 6)

Responsibilities of KPMG and management

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 dated November 2, 2010 and amended April 8, 2015.

Critical accounting estimates

Asset / liability	Balance	Highlights of audit procedures and KPMG comments
Employee future benefit obligations	\$15,501,792	<ul style="list-style-type: none"> We performed substantive analytical procedures on the provision for payroll and vacation accruals prepared by management We obtained an actuarial confirmation from Morneau Shepell, the City's actuary We assessed the reasonableness of the discount rates and assumptions used by Morneau Shepell We performed attribute testing over the data provided to Morneau Shepell
Useful lives of tangible capital assets	\$387,765,232	<ul style="list-style-type: none"> We recalculated and tied out tangible capital asset continuity schedules and performed substantive analytical procedures on amortization expense We assessed the reasonability and consistency of managements' estimates of useful lives for the various categories of assets
Legal Settlement accruals	\$517,670	<ul style="list-style-type: none"> We have performed inquiries with management, including the City Solicitor and obtained confirmations directly from the City's external legal counsel. Management has prepared a general estimate of losses on identified claims based on the estimated deductibles in the Municipal Insurance Association report and open claims report from the City's external legal counsel. Although management has prepared an estimate of the claims, actual settlements may vary due to the numerous factors involved in each case and the significant range of possible outcomes.
Land Swap	\$6,387,108	<ul style="list-style-type: none"> Management has measured the transaction at the historical cost of the property given up. The swap does not result in a significant change in the fair value of properties owned by the City. Further the economic benefit on properties acquired, specifically the Crystal Gardens and 814 Wharf Street, is anticipated to be realized once additional investments have been made. Accordingly recognition of a significant financial gain would not represent the nature of the transaction and the future investment by the City to fully utilize these properties. We assessed the accounting treatment and concur that the carrying value of the property given up is an appropriate basis of measurement.

We believe management's process for identifying critical accounting estimates is considered adequate.

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the City's relevant financial reporting framework. We would like to highlight the following changes in financial statement presentation:

Form, arrangement, and content of the financial statements	<ul style="list-style-type: none"> Disclosure of the Johnson Street Bridge change order and the related mediation process was added to the contingent liability note.
Application of accounting pronouncements issued but not yet effective	<p>Contaminated Sites</p> <ul style="list-style-type: none"> The Public Sector Accounting Board ('PSAB') has issued PS 3260 <i>Liability for Contaminated Sites</i> ("PS 3260"), which requires the recognition, measurement and disclosure of liabilities resulting from remediation of contaminated sites PS 3260 applies to fiscal years beginning on or after April 1, 2014, meaning the City will be required to report liabilities under this standard for the year ended December 31, 2015 and for all reporting periods thereafter Management has begun to prepare estimates for future application of the pronouncement

Other matters

Professional standards require us to communicate to Council Other Matters, such as identified fraud or non-compliance with laws and regulations, consultations with other accountants, significant matters relating to the City's related parties, significant difficulties encountered during the audit, and disagreements with management.

None of the above described matters were noted.

We have highlighted below other significant matters that we would like to bring to your attention:

Matter

KPMG comments

Recognition of Bridge Grant Claims

- The City receives funding from the Building Canada Fund (the "BCF") and the Union of BC Municipalities ("UBCM") on expenditures incurred on both the multi-use trail and the main structure of the bridge. Costs are allocated amongst these two components of the bridge based on square footage.
- Management has accrued a receivable related to eligible expenditures incurred in relation to the bridge which will be claimed from the BCF and UBCM.

- We recalculated the width percentages for the multi-use trail and the main structure based on engineering project plans with no significant discrepancies noted.
- Per discussions with Management, it was noted that BCF prefers to pay contributions over the life of a project. Accordingly as of December 1, 2014, they have made an adjustment to the claim rate downwards from the originally planned rate of 33% to a revised rate of 24%.
- Management still anticipates maximization of the full value of the \$21M grant at the 24% rate.
- Management has accrued a receivable from the BCF for eligible hard costs incurred up to November 30, 2014 at the rate of 33% as BCF changed the rate and suspended grant submissions subsequent to that date. The eligible hard costs for the month of December were not accrued as a receivable given that the BCF has not authorized the associated payment.
- BCF intends to resume grant payments once the claims to date reach a rate of 24% of the eligible costs.
- Per discussions with Management, it was noted that the UBCM portion of December eligible costs on the multi-use trail were not accrued as receivable at year end. However, as no suspension on grant payments from the UBCM had occurred, contributions from UBCM for December eligible costs are considered authorized. Accordingly, eligible expenditures on the bridge incurred in the month of December 2014 should be accrued as receivable pursuant to the agreement with the UBCM.
- KPMG proposed an adjustment to increase the grant receivable and revenue by \$750,151. Management has accepted this adjustment

Johnson Street Bridge Change Order

- The City received a change order request from PCL seeking an increase of \$17.075 million and an extension in the timeline for bridge construction completion.
- Further, the MMM Group has requested additional funds of \$1.8 million for project completion as well as \$841,450 for their sub-contractor Hardesty & Hanover.
- In discussions with Management and the City's external lawyer, all parties have now agreed to a mediator and the mediation process commenced in December. As the construction project is ongoing, the mediation process is in early stages and a conclusive settlement is unlikely to occur until much closer to the completion of the project.
- In the mediation, management is defending that a fixed-price contract exists with both PCL and MMM and the City should not be subject to any additional costs. Accordingly, they have not accrued any liability in respect of the matter in these financial statements.
- We received confirmation from the external lawyer in respect of the above matter. We concur with management's assessment. We have recommended further disclosure in the notes and management has agreed with our recommendation.

Liability for Contaminated Sites

- Effective January 1, 2015 PSAS require that a liability be recognized for contaminated sites not in productive use, when the government is responsible for, or accepts responsibility for, the contamination, and the contamination exceeds existing environmental standards.
- KPMG provided management with a readiness assessment to assist in identifying contaminated sites. We have performed inquiries with management and reviewed their process for establishing risk criteria and likelihood of a contaminated site.
- One property was identified by Management as a contaminated site. Per discussions with Management, an order to contain was received in respect to this property (1012 Yates Street), Management and the City Solicitor's assessment is that the City's liability is only to contain the contamination and not remediate the property.
- We concur with management's assessment that it is unlikely at this time that the City has a material contaminated site that would require an accrual for clean-up costs.

Audit adjustments and differences

Audit adjustments and differences identified during the audit have been categorized as Corrected audit adjustments; or Uncorrected audit differences. These include disclosure adjustments and differences.

Corrected audit adjustments

The management's representation letter includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the financial statements. See Appendix 2 for representation letter.

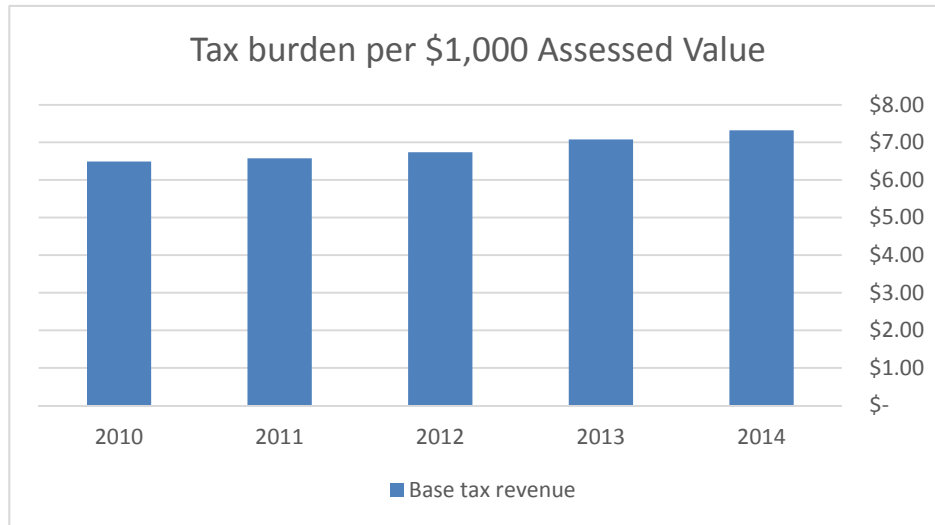
Uncorrected audit differences

We did not identify differences that remain uncorrected.

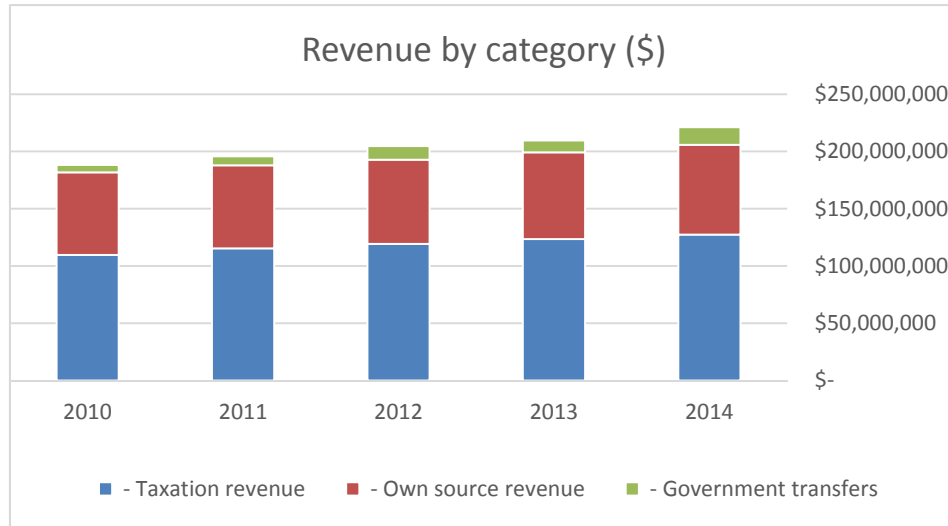
Selected financial information

As part of the audit, there are certain key ratios and trends that we look at to assess audit risk and likelihood of error and/or misstatement. We share these with Council and Management and welcome any questions related to our interpretation of trends.

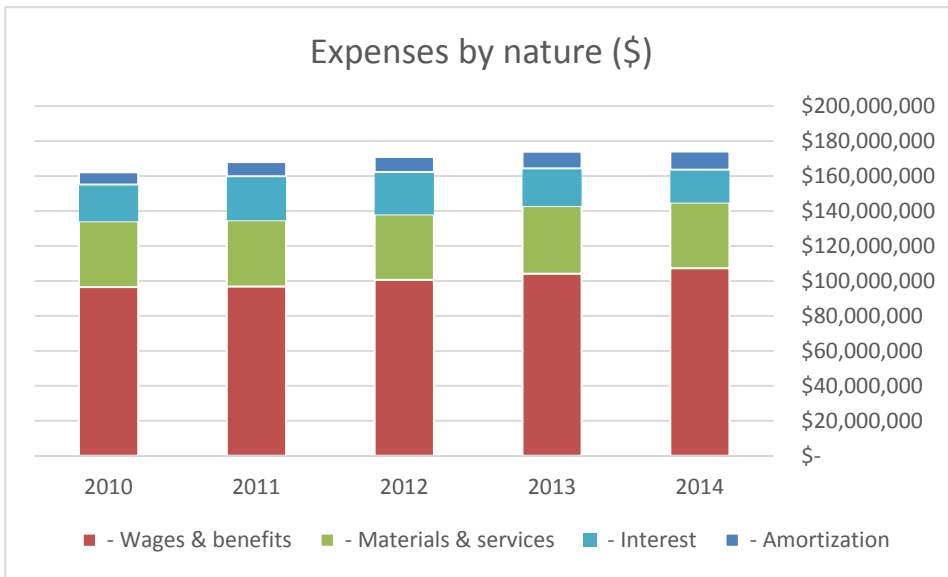
Note: the following financial information is taken from the annual audited financial statements prepared in accordance with Public Sector Accounting Standards. The accounting framework used in these financial statements differs from the framework used in the rate-setting formula (financial plan) in that the rate-setting formula includes transfers from reserves and other prior period unspent funds and planned capital acquisitions.



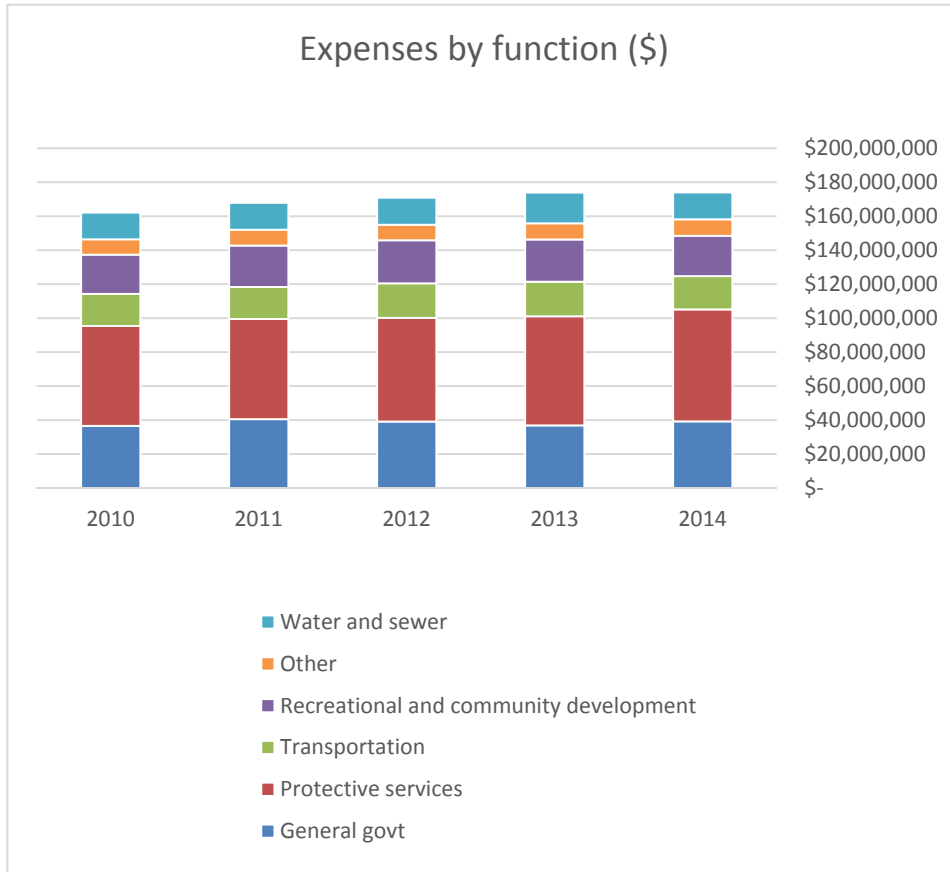
The City's tax burden has been increasing at an average of 2.4% per year. The total taxable assessment has increased at about 0.6% per year. The net effect is an average 3% increase in tax revenues per year to the City.



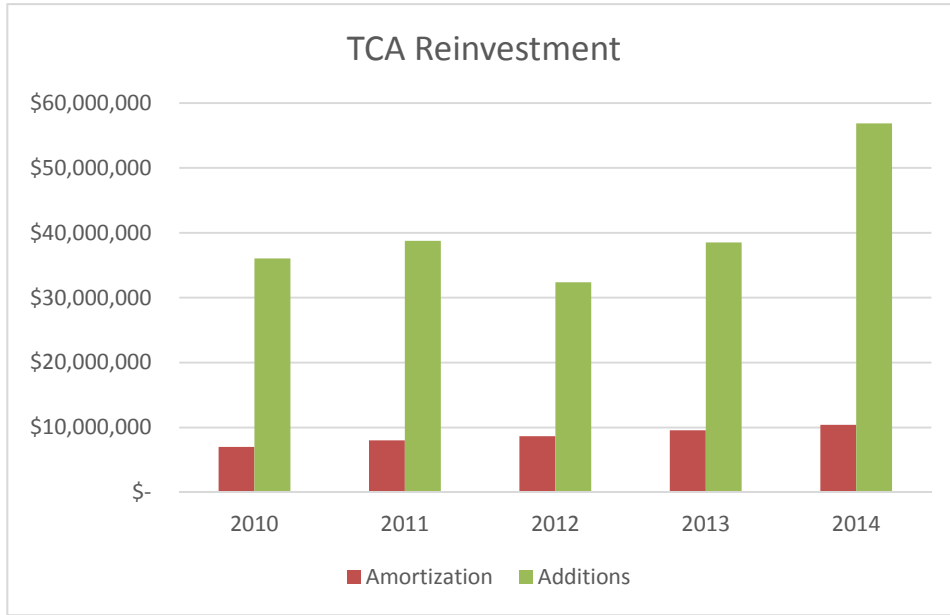
Taxation represents 57.6% (2013 – 59%) of total revenues. Own-source revenues have increased an average of 1.7% per year since 2010. Government transfers have increased substantially due to grants received in association with the Johnson Street Bridge.



Total annual expenses have increased at an average rate of 1.4% per year. Wages and benefits have increased at an average rate of 2.2% per year, amortization has increased at an average of 8% while materials, supplies and service expense has remained relatively constant from 2010.

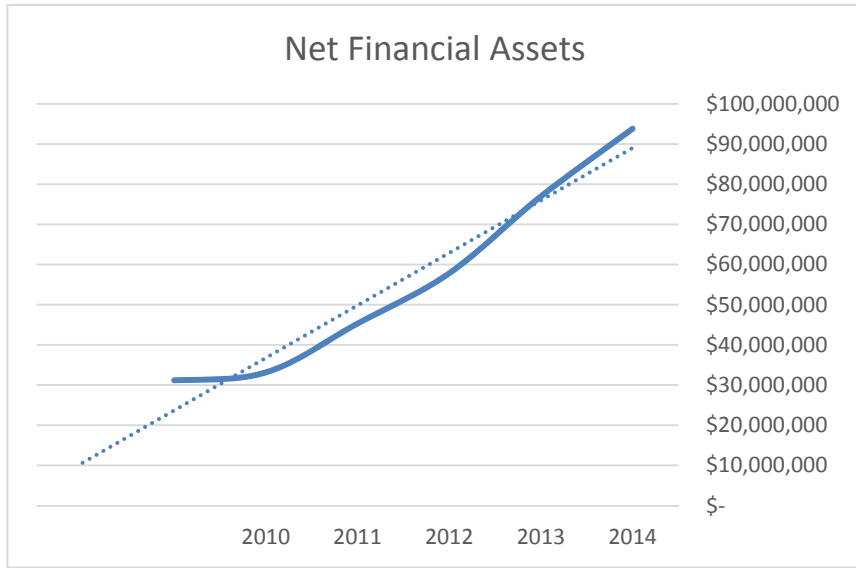


From 2010, total expenses have increased by 1.4%. Protective services has had the most significant increases at an average of 2.3% per year.



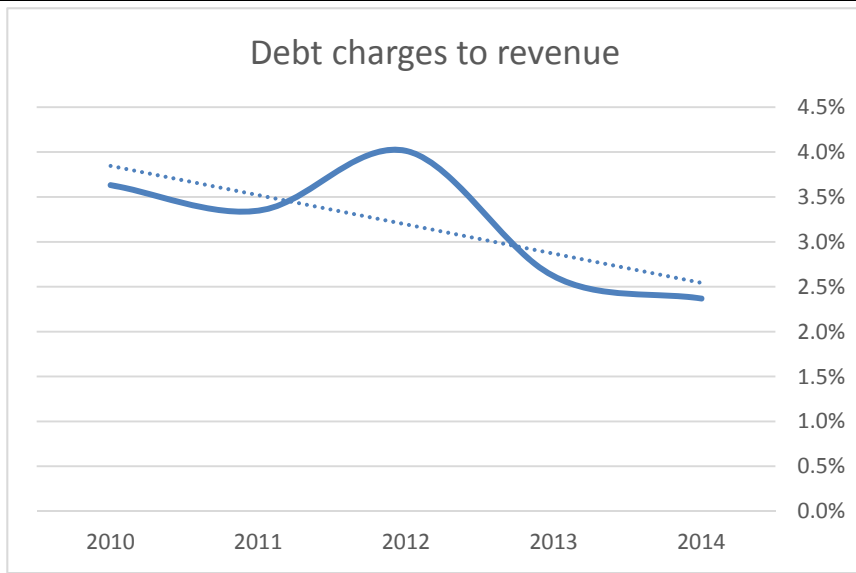
The Tangible capital asset net book value to cost ratio trend has stayed relatively consistent over the 5 years.

The City has replaced assets at a much higher rate than they were amortized at.



Net financial assets is a measurement of the available financial resources that the City has to finance future operations.

The net financial assets have been increasing at an average of 23% per year, representing an accumulation of financial assets / unspent revenues.



Debt charges (principal and interest) have remained a relatively low percentage of the City's annual costs

Appendices

Appendix 1: Required communications

Appendix 2: Management representation letter

Appendix 3: Value for fees

Appendix 4: Audit quality and risk management

Appendix 5: Current developments

Appendix 1: Required communications

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

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report included with the draft financial statements
- **Management representation letter** – we will obtain from management at the completion of the annual audit. In accordance with professional standards, the management representation letter is attached and included at Appendix 2.

Appendix 2: Management representation letter

Aprill __, 2015

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of The Corporation of the City of Victoria ("the Entity") as at and for the periods ended December 31, 2014.

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

GENERAL:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 2, 2010 for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework
 - b) providing you with all relevant information, such as all financial records and related data and complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, board of trustees and committees of the board that may affect the financial statements, and access to such relevant information
 - c) such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
 - d) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - b) all information in relation to fraud or suspected fraud that we are aware of and that affects the Entity and involves: management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements

- c) all information in relation to allegations of fraud, or suspected fraud, affecting the Entity's financial statements, communicated by employees, former employees, regulators, or others
- d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements
- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties and all the related party relationships and transactions of which we are aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 6) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

MISSTATEMENTS:

- 7) We did not identify misstatements that remain uncorrected.
- 8) We approve the corrected misstatements identified by you during the audit described in Attachment II.

OTHER:

- 9) We have complied with subsection 2 and 3 of section 124 of Part 8 of the School Act.
- 10) The City's Home Owner Grant Certificate has been prepared and presents fairly the Home Owner Grant information of the City in accordance with the provisions of Section 12 of the Home Owner Grant Act.

Yours very truly,

THE CORPORATION OF THE CITY OF VICTORIA

By: Susanne Thompson, Director of Finance

By: Laurel Westinghouse, Manager of Accounting

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

RELATED PARTIES

In accordance with Canadian accounting standards for the public sector (PSAB) *related party* is defined as:

- one party that has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence.

In accordance with Canadian accounting standards for the public sector (PSAB) a related party transaction is defined as:

- a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged.

Attachment II – Summary of Audit Misstatements

Corrected misstatements

- To accrue \$750,151 of claimable bridge costs for December as grant revenue and accounts receivable from the Union of British Columbia Municipalities.

Corrected misstatements in presentation and disclosure

- Revised presentation to cash and cash equivalents from investments of a \$6M investment with term to maturity of less than 90 days.
- Other minor modifications to presentation and disclosure including additional disclosure for the Johnson Street Bridge change order were recommended and accepted.

Appendix 3: Value for fees

The value of our audit services

We recognize that the primary objective of our engagement is the completion of the audit of the financial statements in accordance with professional standards. We also believe that our role as external auditor of the City and the access to information and people in conjunction with our audit procedures, places us in a position to provide other forms of value. **We know that you expect this of us.**

We understand your expectations. To facilitate a discussion (either in the upcoming meeting or in separate discussions), we have outlined some of the attributes of our team and our processes that we believe enhanced the value of our audit service. We recognize that certain of these items are necessary components of a rigorous audit.

We welcome your feedback.

- Extensive industry experience on our audit team – as you have experienced, the members of our audit team have extensive experience in audits of municipalities. This experience ensures that we are well positioned to identify and discuss observations and insights that are important to you.
- Timely responses and helpful guidance are provided on complex accounting matters and in the adoption of new accounting standards including PS3410 – Government transfers and the upcoming section PS3260 – Liability for contaminated sites.
- Current development update sessions – Annually we organize and deliver tailored information sessions on current developments in financial reporting and other matters that are likely to be significant to municipalities in order to assist clients in proactively responding to / addressing financial reporting and regulatory changes.
- Involvement of specialists – Our audit team is supported by KPMG specialists in income and other taxes, information risk management, valuations and derivatives.

Appendix 4: 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 <http://www.kpmg.com/Ca/en/services/Audit/Pages/Audit-Quality-Resources.aspx> for more information.

- 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 5: Current developments

GST/HST harmonized audits

The Canada Revenue Agency (CRA) has followed through on its intent to focus on public service bodies (e.g., municipalities, universities, colleges, hospitals, schools, associations, charities, non-profits etc.) for purposes of conducting GST/HST audits. Many public service bodies have undergone audits or have been contacted to begin an audit.

We offer the following general observations on the impact of the CRA's increased focus on the public sector:

- It is important that you have a plan in place for a GST/HST audit, including having a fixed point of contact for the auditor. Planning and managing the audit is as important as having the appropriate policies and procedures.
- The CRA has been focusing on documentation, sharing arrangements, grants and sponsorships, and the allocation of inputs between taxable and exempt activities for input tax credit purposes (e.g., the filing of a section 211 election and claiming of input tax credits on the use of real property).
- The CRA has not consistently been applying audit offsets (e.g., allowing unclaimed input tax credits or rebates) that would help minimize the impact of any assessments.

Our experience with GST/HST auditors has varied from audit to audit. However, in each case, the taxpayer has the burden of proof. The best approach is to be prepared in advance of receiving that call from CRA.

Cyber Security, Is your organization at risk?

Cyber attacks are an inevitable part of life today, and the financial and reputational costs of not being prepared against such attacks are significant. Cyber attacks are being launched against all forms of valuable information including both financial and non financial data sources. Estimates suggest the global financial impact of cybercrime is US\$114 billion; companies are thought to bear almost 80% of those costs. The nature of these attacks and the perpetrators behind them are always changing. Hacktivists, organized criminals, competitors, and even rogue governments are mounting attacks with a high level of sophistication and persistence. These perpetrators have different motives, however are common in that they are looking to either disrupt or better themselves by stealing another entities data.

Patching servers and installing intrusion detection systems is no longer enough to protect your critical assets and business processes. Cyber Security has never been solely about IT; it has always been a business issue first. To survive and prosper requires a business-wide understanding of the threats, safeguards, and responses involved. Key elements to consider include:

- Preparing your people, processes, infrastructure and technology to resist an attack

- Detecting the attack and initiating your response
- Containing and investigating the attack
- Recovering from an attack and resuming business operations
- Reporting on and improving security

Municipalities should begin to review their organization and consider Cyber Risks. Key data that may be identified includes key research data; client or member data etc.

Developments in Canadian Public Sector Accounting Standards:

Standard on Contaminated Sites

Highlights

A new standard has been issued establishing standards on accounting for and reporting the liability related to contaminated sites.

This standard requires a government to record a liability when the standard exists, the contamination in question exceeds an authoritative environmental standard and the government is directly responsible or accepts responsibility. Voluntary compliance with a non-authoritative policy or guideline may create a liability.

Effective date and transition

The standard is effective for fiscal periods beginning on or after April 1, 2014 however earlier adoption is permitted. For municipalities, implementation will be in the year ended December 31, 2015.

Implications

Municipalities will have to review any contaminated sites and determine if a liability meets the standards such that it must be reported.

New Standard on Financial Instruments

Highlights

A new standard has been issued establishing standard on accounting for and reporting all types of financial instruments including derivatives.

The 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.

Effective date and transition

The standard is effective for fiscal periods beginning on or after April 1, 2016. Earlier adoption is permitted. An entity early adopting this standard must also early adopt the revised Foreign Currency Translation standard.

Implications

This standard requires municipalities to record any equity investments that trade in an active market at fair market value. Municipalities can also elect to record any investments that are managed and evaluated on a fair value basis at fair value. Changes in fair value of all assets that are recorded at fair market value will be reported in a new financial statement; the statement of remeasurement gains and losses.

This standard will also require municipalities to identify any contracts that have embedded derivatives and recognize these on the statement of financial position at fair value.

This standard sets out a number of disclosures in the financial statements designed to give the user an understanding of the significance of financial instruments to the municipality. These disclosures include classes of financial instruments and qualitative and quantitative risk disclosures describing the nature and extent of risk by type (credit, liquidity and market).

Revised Standard on Foreign Currency Translation

Highlights

A revised standard has been issued establishing standards on accounting for and reporting transactions that are denominated in a foreign currency.

Effective date and transition

The standard is effective for fiscal periods beginning on or after April 1, 2016. Earlier adoption is permitted. An entity early adopting this standard must also adopt the new Financial Instruments standard.

Implications

Exchange gains and losses arising prior to settlement are recognized in a new statement of remeasurement gains and losses.



cutting through complexity

City of Victoria Audit Findings Report for the year ended December, 31 2014

kpmg.ca

KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative (“KPMG International”). KPMG member firms around the world have 155,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2015 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International.



Governance and Priorities Committee Report

For the Meeting of April 23, 2015

To: Governance and Priorities Committee **Date:** April 15, 2015
From: Susanne Thompson, Director, Finance
Subject: 2015 Property Tax Rates

Executive Summary

Under section 197 of the Community Charter, after the adoption of the financial plan bylaw but before May 15th each year, Council must approve the annual tax bylaw.

In addition, under section 197 (3.1), prior to adopting the tax bylaw, Council must consider the proposed tax rates for each property class in conjunction with the objectives and policies for the distribution of property taxes among property classes. The City of Victoria's Revenue and Tax Policy (Appendix A) includes these objectives and policies.

On January 29, 2015, following a review of the Revenue and Tax Policy, Council amended the policy for the distribution of property taxes among property classes to maintain the current share, excluding the impact of new assessment revenue, by allocating tax increases equally. The policy to impose the same tax rate on business, light and major industrial tax classes remained unchanged.

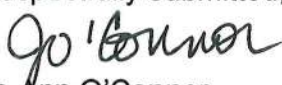
The overall property tax increase for 2015 is 2.23%. Allocating this increase as per the approved Revenue and Tax Policy equates to \$50 for an average residential property assessed at \$518,000 and \$151 for a typical business property assessed at \$500,000. The proposed Tax Bylaw, 2015 outlines the resulting tax rates (Appendix B).

Recommendations:

That Council:

1. Approve 2015 tax rates based on approved policy as follows:
 Residential 4.4414; Utility 37.7158; Major Industrial 13.8749; Light Industrial
 13.8749; Business 13.8749; Rec/Non Profit 8.2188
2. Give first, second and third reading to Tax Bylaw, 2015 at the April 23, 2015 Council meeting

Respectfully submitted,


 Jo-Ann O'Connor
 Manager, Financial Planning


 Susanne Thompson
 Director, Finance

Report accepted and recommended by the City Manager: _____

Date: _____


April 16/15

Attachments:

Appendix A – Revenue and Tax Policy

Appendix B – Tax Bylaw, 2015

Purpose

The purpose of this report is to seek approval for 2015 property tax rates.

Background

Under section 197 of the Community Charter, after the adoption of the financial plan bylaw but before May 15th each year, Council must approve the annual tax bylaw.

In addition, under section 197 (3.1), prior to adopting the tax bylaw, Council must consider the proposed tax rates for each property class in conjunction with the objectives and policies for the distribution of property taxes among property classes. The City's Revenue and Tax Policy (Appendix A) includes these objectives and policies.

The policies on Distribution of Property Taxes Among Property Classes, as detailed in the City's Revenue and Tax Policy are:

Policy 2.0

Maintain the current share of distribution of property taxes among property classes, excluding the impact of new assessment revenue, by allocating tax increases equally. Business and industrial classes will be grouped as outlined in Policy 2.1.

Policy 2.1

Tax rates for the light and major industrial tax classes will be equal to the business tax rate to support the City's desire to retain industrial businesses.

Policy 2.2

Farm tax rates will be set at a rate so taxes paid by properties achieving farm status will be comparable to what the property would have paid if it were assessed as residential.

Market value changes that result in uneven assessment changes between property classes result in a tax burden shift to the class experiencing greater market value increases, unless tax ratios are modified.

Until 2007, it was Council's practice to modify tax ratios to avoid shifts *between* property classes, due to uneven assessed value changes. This practice provided tax increases that were equal for all classes.

For 2007 and 2008 Council chose to hold the business class and industrial class ratios at the 2006 level. This resulted in a higher tax increase being passed on to the residential class compared to business and industrial.

In 2009 Council adopted the Revenue and Tax Policy. The industrial tax ratios were reduced to the same level as the business tax ratio. The business and industrial class ratios were also reduced marginally in 2009, 2010 and 2011.

In 2012, a comprehensive review of the Revenue and Tax Policy was conducted to determine if Council's objective of reducing the tax burden on the business class was appropriate and if so, that the mechanism of achieving the objective (reduction of tax ratio) was the most effective mechanism. The review concluded that additional relief for the business tax class was warranted. However, the tax ratio was not the best mechanism for achieving that goal; a better mechanism was tax share.

As a result, Council changed the policy to focus on the tax share rather than tax ratios, and to reduce the business class share of property taxes from 49.35% to 48% over three years (2012-2014).

Since the final year of implementation for the policy was 2014, and in accordance with Council's direction, the policy was reviewed by updating and analysing the same indicators from the 2011

review, such as the share of taxes paid by the business sector and the tax burden on residential taxpayers in Victoria, both compared to benchmark municipalities and the trend of commercial building permits. Based on the findings, it was recommended that no further shifting of taxes. On January 29, 2015, Council approved the recommendation to maintain the current share of distribution of property taxes among property classes excluding the impact on new assessment.

Options & Impacts

The overall tax increase for all options is 2.23%.

1. Allocate tax increases as per the approved Revenue and Tax Policy (recommended)

	<u>Tax Rate</u>	<u>Tax Increase</u>
Residential	4.4414	2.23%
Utility	37.7158	2.23%
Major Industrial	13.8749	-7.05%
Light Industrial	13.8749	3.91%
Business	13.8749	2.23%
Rec/Non Profit	8.2188	2.23%

The tax increase is equal to \$50 for average residential property assessed at \$518,000 and \$151 for a typical business assessed at \$500,000.

2. Increase taxes evenly among tax classes

	<u>Tax Rate</u>	<u>Tax Increase</u>
Residential	4.4414	2.23%
Utility	37.7158	2.23%
Major Industrial	15.2607	2.23%
Light Industrial	13.6507	2.23%
Business	13.8749	2.23%
Rec/Non Profit	8.2188	2.23%

The tax increase is equal to \$50 for average residential property assessed at \$518,000 and \$151 for a typical business assessed at \$500,000.

3. Tax ratios remain unchanged

	<u>Tax Rate</u>	<u>Tax Increase</u>
Residential	4.5263	4.18%
Utility	33.5477	-9.06%
Major Industrial	13.6138	-8.80%
Light Industrial	13.6138	1.95%
Business	13.6138	0.30%
Rec/Non Profit	8.2895	3.11%

The tax increase is equal to \$94 for average residential property assessed at \$518,000 and \$20 for a typical business assessed at \$500,000.

Recommendations

That Council:

1. Approve 2015 tax rates based on approved policy as follows:
Residential 4.4414; Utility 37.7158; Major Industrial 13.8749; Light Industrial 13.8749; Business 13.8749; Rec/Non Profit 8.2188
2. Give first, second and third reading to Tax Bylaw, 2015 at the April 23, 2015 Council meeting

Appendix A – Revenue and Tax Policy

Department of Finance	
<i>Policies and Procedures</i>	
Revenue and Tax	
Authorized by: Council	Date of issue: February 16, 2009 Date of revision: January 29, 2015

Purpose

The purpose of the Revenue and Tax Policy is to outline the proportions of revenue sources, the distribution of property taxes among property classes and the use of permissive property tax exemptions.

Primary Objectives

- To provide tax payers with stable, equitable and affordable property taxation while at the same time providing high quality services.
- To support the OCP and other City plans as well as complement the Regional Context Statement.

Policies

1. Revenue Proportions by Funding Sources

Property taxes are the main source of revenue for the City and pay for services such as police and fire protection, bylaw enforcement, and infrastructure maintenance. Property taxes provide a stable and consistent source of revenue for services that are difficult or undesirable to fund on a user pay basis. Therefore, property taxes will continue to be the City's major source of revenue.

However, it is the City's desire to charge user fees where feasible. Some programs, such as recreation, are partially funded by user fees. The City also has several self-financed programs that are fully funded by user fees. These include Water Utility, Sewer Utility, Garbage Utility, and the Victoria Conference Centre.

In addition, the City has reviewed and updated its DCC bylaw to ensure that developers are paying their fair share of infrastructure required as a result of new development.

Policy 1.0

User pay funding will be used for such services that are practical and desirable to fund on a user pay basis.

Services that are undesirable or impractical to fund on a user pay basis will be funded by property taxes.

Policy 1.1

The City will continue to explore alternative revenue sources to diversity its revenue base.

2. Distribution of Property Taxes Among Property Classes

Market value changes that result in uneven assessment changes between property classes result in a tax burden shift to the class experiencing greater market value increases unless tax ratios are modified to mitigate the shift.

Until 2007, it was Council's practice to modify tax ratios to avoid such shifts. This equalization practice provided an effective tax increase that was equal for all classes. It is important to be aware that this practice only avoids shifts *between* property classes. There is still a potential for shifts *within* a property class where one property has experienced a market value change that is greater than the average for that class.

However, starting in 2007, business and industrial tax ratios have been held constant in recognition of the larger tax burden that has been placed on those classes. This resulted in higher tax increases being passed on to the residential class compared to business and industrial.

The pressure continues across the country to reduce the tax burden on the business and industrial classes. In recognition of this, and the desire to support a healthy business environment, Council's goal is to have a business class tax burden that is equitable.

In 2012, a comprehensive review of the Revenue and Tax Policy was conducted to determine if Council's objective of reducing the tax burden on the business class was appropriate and if so, that the mechanism of achieving the objective (reduction of tax ratio) was the most effective mechanism to achieve the goal. The review concluded that additional relief for the business tax class was warranted. However, the tax ratio was not the best mechanism of achieving that goal. As a result, Council approved the following policy objective: *To reduce the business property tax class share of the total property tax levy to 48% over three years (2012-2014). The redistribution excludes impact of new assessment revenue. The total redistribution of the tax levy was \$1.51 million.*

In 2015, an update review was completed and based on the findings, policy 2.0 was amended to maintain the current share of taxes among tax classes.

Policy 2.0

Maintain the current share of distribution of property taxes among property classes, excluding the impact of new assessment revenue, by allocating tax increases equally. Business and industrial classes will be grouped as outlined in Policy 2.1.

Policy 2.1

Tax rates for the light and major industrial tax classes will be equal to the business tax rate to support the City's desire to retain industrial businesses.

Policy 2.2

Farm Tax Rates will be set at a rate so taxes paid by properties achieving farm status will be comparable to what the property would have paid if it were assessed as residential.

3. Use of Permissive Property Tax Exemptions

The City continues to support local non-profit organizations through permissive tax exemptions. Each year, a list of these exemptions is included in the City's Annual Report.

In addition, the City offers a Tax Incentive Program to eligible owners of downtown heritage designated buildings to offset seismic upgrading costs for the purposes of residential conversion of existing upper storeys. The exemptions are for a period up to ten years.

The City encourages redevelopment of lands within the City and the use of environmentally sustainable energy systems for those developments through revitalization property tax exemptions.

Policy 3.0

Permissive property tax exemptions are governed by the City's Permissive Property Tax Exemption Policy, which outlines the criteria for which property tax exemptions may be granted.

Policy 3.1

Heritage property tax exemptions are governed by the City's Heritage Tax Incentive Program.

Policy 3.2

Revitalization property tax exemptions are governed by the City's Revitalization Tax Exemption (Green Power Facilities) bylaw.

Appendix A – Tax Bylaw, 2015

NO. 15-036

A BYLAW OF THE CITY OF VICTORIA

The purpose of this Bylaw is to impose tax rates and taxes for the year 2015.

Under its statutory powers, including section 197 of the *Community Charter*, under the *Hospital District Act*, and the *Local Government Act*, the Council of The Corporation of the City of Victoria, in an open meeting assembled, enacts the following provisions:

1. This Bylaw may be cited as the "TAX BYLAW, 2015."
2. Taxes are imposed for 2015 by imposing the following rates upon all taxable land and improvements within the City, based on the assessed value, to provide the sums required for each of the following purposes:
 - a) for all general purposes of the City, except Policing, the rates shown in column A of Schedule 1;
 - b) to meet payments of interest and principal of debts incurred by the City for which other provision has not been made, the rates shown in column B of Schedule 1;
 - c) to provide monies for City Policing, the rates shown in column C of Schedule 1;
 - d) to provide monies which, when added to the amount remaining in the Capital Regional District Rate Account for the year 2014, are sufficient for the City's share of the expenses of the Capital Regional District and for the City's share of the debts incurred for regional district purposes according to the requisition submitted to City Council by the Capital Regional District Board, the rates shown in column D of Schedule 1;
 - e) to provide monies which, when added to the amount remaining in the Hospital Rate Account from the year 2014, are sufficient for the City's share of the expenses of the Capital Regional Hospital District and for the City's share of debts incurred for hospital purposes according to the requisition submitted to City Council by the Capital Regional Hospital District Board, the rates shown in column E of Schedule 1;
3. The rates and taxes imposed under this Bylaw must be paid to the City Collector's office at City Hall, Victoria, British Columbia, not later than 4:30 o'clock in the afternoon of July 2, 2015.

READ A FIRST TIME the day of 2015.
 READ A SECOND TIME the day of 2015.
 READ A THIRD TIME the day of 2015.
 ADOPTED the day of 2015.

CORPORATE ADMINISTRATOR

MAYOR

**Schedule 1 - Bylaw No. 15-036
 Tax Rates 2015**

(dollars of tax per \$1,000 taxable value)

Class	Assessment	(dollars of tax per \$1,000 taxable value)					
		A General	B Debt	C Police	Total Municipal	D Regional District	E Regional Hospital
Residential General	13,773,659,901	2.7811	0.1431	1.5172	4.4414	0.2992	
CRHD	13,773,659,901						0.3014
Utilities General	14,572,885	23.6168	1.2150	12.8840	37.7158	2.5406	
CRHD	60,476,885						1.0548
Supportive Housing	18	2.7811	0.1431	1.5172	4.4414	0.2992	0.3014
Industrial Major	9,188,000	8.6882	0.4470	4.7397	13.8749	0.9346	1.0247
Light	58,890,300	8.6882	0.4470	4.7397	13.8749	0.9346	1.0247
Business General	4,236,421,495	8.6882	0.4470	4.7397	13.8749	0.9346	
CRHD	4,236,421,495						0.7384
Recreational/Non profit	22,830,300	5.1464	0.2648	2.8076	8.2188	0.5536	0.3014



Governance and Priorities Committee Report

For the Meeting of April 23

To: Governance and Priorities Committee **Date:** April 13, 2015
 Susanne Thompson, Director, Finance
 Julie MacDougall, Acting Director, Parks and
From: Recreation
 Katie Hamilton, Director, Citizen Engagement
 and Strategic Planning
Subject: Proposed Alignment of Grants Program with City of Victoria 2015-2018 Strategic Plan

Executive Summary

The purpose of this report is to propose a new grant program, with a two-phased implementation, in alignment with the 2015-2018 Strategic Plan for Council's consideration.

As directed by Council in April of 2014, a review to streamline the grant process was initiated for implementation in 2015. On December 18, 2014 Council approved grouping existing grant funding into two categories: direct award grants and grants aligned with the 2015-2018 Strategic Plan. Although festival investment grants would fall into the strategic plan grant category, Council approved festival investment grants for 2015 in December of 2014 to enable those grant recipients to apply for Federal grant funding that had a December 31 deadline. Direct award grants (community and seniors centres, neighbourhood per capita grants, Victoria Heritage Foundation, Victoria Civic Heritage Trust, and Recreation Integration Victoria) for 2015 were approved on February 26, 2015. This report addresses the remaining grants that would align with the recently approved Strategic Plan.

In developing a new program, we researched practices in other communities and although processes vary, all grants require Council's approval. Many municipalities offer different grant programs: some with criteria for the specific funding streams and some without criteria where Council determines the merit of each application individually. Some have grant review committees including citizen members and some municipalities are focussing participatory budgeting efforts on grant programs. Typically, if staff recommendations are made for Council's consideration, staff are simply recommending that an organization applying be considered as they have been confirmed as eligible for the specific grant stream. Council determines the merit of the applications.

In the past, five grant programs had a competitive application process: festival investment, neighbourhood enhancement, greenways, community arts, and sustainability. The budget for these programs totalled approximately \$327,000, of which \$156,000 was allocated to festival investment grants. The remaining grant budget of approximately \$513,000 was for "fee-for-service" grants, for which there is no application intake or opportunity for new applicants seek funding, and grants have generally been approved for the same organizations each year.

The program for festival investment grants is proposed to remain unchanged. This program has a well-established and robust policy and guidelines. It is proposed that for 2015, the fee-for-service grant process remain the same, but that the neighbourhood enhancement, greenways, community arts, and sustainability program grants be discontinued and replaced with a single new grant program aligned with the 2015-2018 Strategic Plan. The Strategic Plan has a broad scope and organizations that applied under the previous grant programs will have an opportunity to apply under the new program.

For 2016, it is proposed that the fee-for-service grant program be discontinued and incorporated into the strategic plan grant program. This phase-in is recommended for 2016, to provide organizations with ample notice, in particular those that have not previously been required to go through a competitive process. Also, as the next phase of the financial planning process, Council has directed staff to explore options for participatory budgeting for 2016. Based on experience from other communities, using a portion of the strategic plan grants could be an opportunity.

The new proposed grant program is designed to provide City Council with greater flexibility, involvement and oversight in the award of grants. It is proposed that the application and evaluation process be consistent for all strategic plan grants, including the timing of applications and awards.

The new process will provide opportunity for new applicants to apply and will be assessed using common eligibility criteria. However, the grant program itself is proposed to be broader in scope encompassing all 13 strategic objectives so that applicants are not restricted to apply for one type of grant when their project or program achieves multiple strategic objectives. Also, it is recommended that one funding envelope be created, instead of individual funding allocations for each strategic objective. This provides Council greater ability to provide funding to applications that will help meet approved strategic objectives the best and should prevent the historical experience of having some grant programs that are undersubscribed.

As part of the Strategic Plan, Council also approved the creation of a micro-grant program for volunteer coordination of commons and community gardens and added \$36,000 to the Financial Plan to fund community garden volunteer coordinators in the six neighbourhoods that currently have community gardens. The micro-grant program has been added as a separate category in the proposed grant policy. The \$6,000 for each of the neighbourhoods with community gardens will be treated as direct-award grants to those neighbourhoods.

Staff's role in supporting the proposed grant program will be to ensure that applicants are eligible. All grants that impact public space will be further assessed to determine implications on the use and function of the public space as well as budget impacts for ongoing maintenance. Adjudication of the merit of grant applications is proposed to be done by Council. It is also proposed that all applicants make a presentation to Council, at special meetings, in support of their application and will be required to report back on achievements. This is common in other municipalities as well.

It is also proposed that for future years, grant applications be due in the fall to enable review and award for the future year in alignment with the financial planning process. This has two benefits: grant applicants will know sooner if they were successful; and Council will be able to award grants prior to setting the budget for the following year, which will eliminate any potential conflicts of interest for individual Councillors when approving the financial plan. This also provides greater administrative efficiency as well as improved ability to effectively communicate the opportunity to access City grant programs.

In 2015, due to the strategic planning process that concluded earlier this month, the grant process

for 2015 is later than desired. Staff are taking steps to ensure that applicants are well informed of the new process and will be offering assistance as applicants are putting their applications together. An information session is proposed to provide opportunity for not-for-profit organizations to learn more about the process and benefit from advice on how to prepare an effective proposal and presentation.

The above changes, along with common eligibility criteria, are reflected in the proposed *Grant Policy* found in Appendix A.

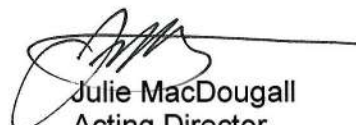
Recommendations

That Council:

1. Approve the proposed grant program and process incorporated into the *Grant Policy* as outlined Appendix A
2. Implement a phased-in approach as outlined in this report:
 - a. In 2015, fee-for service grant process will remain unchanged and neighbourhood enhancement, greenways, community arts and sustainability programs will be replaced with the new grant program aligned with the 2015-2018 Strategic Plan
 - b. In 2016, fee-for service grant process will be replaced with the grant program aligned with the 2015-2018 Strategic Plan
3. Direct staff to accept applications until May 24 and schedule two special Governance and Priorities Committee meetings the week of June 14 for presentation by eligible applicants
4. Direct staff to launch the intake for 2016 grants in September 2015 for approval by Council in November 2015 in alignment with the 2016 financial planning process
5. Direct staff to explore, as part of developing options for participatory budgeting, participatory budget opportunities for a portion of the strategic grant budget, prior to the 2016 grant process

Respectfully submitted,



Susanne Thompson
Director, Finance


Julie MacDougall
Acting Director,
Parks and Recreation


Katie Hamilton
Director, Citizen
Engagement and Strategic Planning

Report accepted and recommended by the City Manager:

Date:


April 16, 2015

Attachments:

Appendix A - Proposed Grant Policy

Appendix B - 2013 and 2014 Grants Paid

Purpose

The purpose of this report is to propose a new grant program, with a two-phased implementation, in alignment with the 2015-2018 Strategic Plan for Council's consideration.

Background

The City of Victoria has supported the community through grants for over 40 years, contributing to the quality of life of residents, businesses and visitors. Some grants are used to fund delivery of services on behalf of the City, such as community recreation programs and heritage preservation. Other grants have supported festivals, community arts, social services, community and economic development.

The *Community Charter* prohibits the City from providing grants to businesses. Therefore, the grant policy only provides for grants to registered non-profit organizations.

The City has in the past offered several grant funding streams with different application intakes. The historical process required significant staff time to review applications and provide recommendations for Council's consideration. Some grant programs were oversubscribed, such as festival investment grants, whereas others did not receive eligible applications, such as greenways, and therefore remained unallocated (for 2014 the total unallocated amount was \$35,000 for greenways and youth outreach). In addition, in some grant categories, such as economic development, social service agencies and community development, there was no opportunity for new applicants to apply.

On April 10, 2014 Council requested that staff report back on a streamlined grant process for the 2015 budget year.

On December 18, 2014 Council approved the festival investment grants for 2015 for a cash award total of \$156,000. The remaining budget for Strategic Plan grants included in the draft 2015 Financial Plan is approximately \$710,000 (including \$25,000 unspent budget carried forward from 2014). As outlined in Appendix B, historically, the different grant program envelopes varied significantly as did the individual grant awards:

- Fee for service grants (for example outreach, compost education, Community Social Planning Council, Film Commission, Tourism Victoria, Greater Victoria Coalition to end Homelessness, and Greater Victoria Bike to Work Week) have totaled approximately \$500,000 with grant awards ranging from \$2,000 to \$100,000;
- Neighbourhood enhancement grants totaled \$30,000 with grant awards ranging from \$1,900 to \$5,000;
- Greenways grants totaled \$25,000 with grant awards ranging from \$10,000 to \$15,000;
- Community arts grants totaled \$30,000 with grant awards ranging from \$7,500 to \$10,000, and;
- Sustainability grants totaled approximately \$86,000 with grant awards ranging from \$4,600 to \$10,000.

Also on December 18, 2014 Council approved realigning grants into two categories: direct award grants and program grants based on Council's strategic plan. Direct award grants are provided to organizations that provide a service on behalf of the City, such as community and seniors centres; neighbourhood per capita base grants, heritage grants and Recreation Integration Victoria. Council approved direct award grants for 2015 on February 26, 2015.

Council also directed staff to develop the program for strategic plan grants upon approval of the Strategic Plan. The City's 2015-2018 Strategic Plan has 13 objectives:

1. Innovate and Lead

2. Engage and Empower the Community; Strive for Excellence in Land Use
3. Build Financial Capacity of the Organization
4. Create Prosperity through Economic Development
5. Make Victoria More Affordable
6. Facilitate Social Inclusion and Community Wellness
7. Enhance and Steward Public Spaces, Green Spaces and Food Systems
8. Complete a Multi-modal Active Transportation Network
9. Nurture Our Arts, Culture and Learning Capital
10. Steward Water Systems and Waste Streams Responsibly
11. Plan for Emergencies Including Climate Change Short and Long Term
12. Demonstrate Regional Leadership.

As part of the Strategic Plan, Council approved the creation of a micro-grant for volunteer coordination of commons and community gardens. This has been added as a separate category in the proposed grant policy.

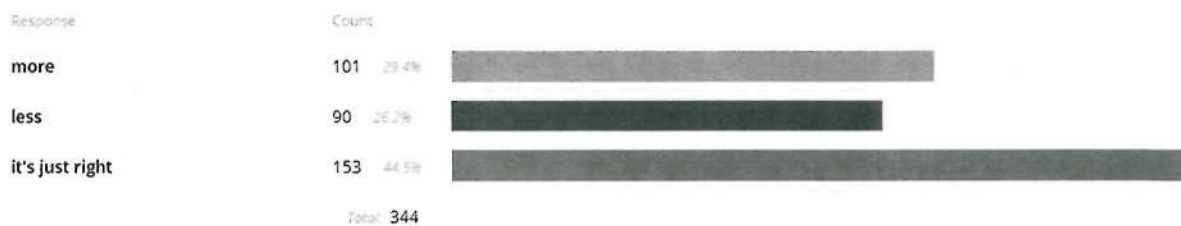
Through the public consultation on the draft strategic plan and the draft financial plan, the City received feedback regarding grants as follows:

1. Do you have any general comments on the City's investment in grants?

In response, common themes included:

- Increased oversight of grants and who gets them is needed
- Support for grants that support arts and culture
- More details of these grants are needed – the public isn't aware of how these dollars are being spent
- Too much money is directed towards grants – they should go towards City services
- Increase scrutiny around the awarding of grants

2. City spending in this area should be:



Municipalities have different processes for grants, but all require Council's approval. Many offer different programs: some with specific criteria for the specific funding streams and some without criteria where Council determines the merit of each application individually. Some have grant review committees including citizen members. Typically, if staff recommendations are made for Council's consideration, staff are simply confirming that an organization applying was eligible for the specific grant stream. Council determines the merit of the applications.

Issues & Analysis

The goal of the proposed grant program is to implement best practices and create a consistent and streamlined process where applicants outline how their project or program supports the achievement of the outcomes identified in the Strategic Plan. As outlined below, a number of considerations have been taken into account.

Streamlined and Consistent Process

Overarching criteria would apply to all strategic grant applications and the application intake period would be aligned with the financial planning process in the fall of each year. Grant applicants would know sooner if they were successful, and applicants, such as those applying for festival investment grants, will be able to leverage other funding opportunities that have December 31 deadlines. The process would also allow for new applicants for all strategic grant objectives.

Festival Investment Grants

It is recommended that the Festival Investment grants, including in-kind allocations, remain unchanged as outlined in the existing Festival Investment Grant Policy and Guidelines. This program has a well-established and robust process. Furthermore, the program is consistent with the Strategic Plan objective Nurture Our Arts, Culture and Learning Capital.

Due to the complexity of applications, specifically how the festivals fit within public space, and the required involvement from Police, Fire and other agencies, the detailed technical review process will also continue.

Greater Flexibility for Council

It is proposed that the program have a broad scope encompassing all 13 strategic objectives.

Rather than establishing individual funding allocations for each strategic objective, it is proposed to pool the entire budget and allocate funding based on applications received in any given year. As a result, grant opportunities will be maximized with no program undersubscribed and Council will be able to allocate funding to those applicants that will best assist in achieving the strategic objectives.

More Oversight and Involvement by Council

For the majority of the grants, staff's role would simply be to ensure eligibility of the applicant based on common criteria (see part 4 of Appendix A). It is proposed that applicants would make a presentation to Council and Council would determine the merit of each application.

To inform Council's decision making, grants that impact public space would be reviewed by staff to determine implications on the use and function of the public space as well as budget impacts.

Micro-grants

As part of the Strategic Plan, Council approved the creation of a micro-grant for volunteer coordination of commons and community gardens. It is proposed that the maximum amount for a micro-grant be \$500. Since the grant amounts are small, it is recommended that applicants for micro-grants not be required to present to Council; however Council will still approve each grant.

In addition, Council added \$36,000 to fund community garden volunteer coordinators in the six neighbourhoods that currently have a community garden (\$6,000 each.)

Reporting on Achievements

Organizations would be required to report on their achievements to demonstrate the result of the City's contribution.

In-kind Grants

As part of the recent financial planning process, it was identified that in-kind grants are currently handled on an ad-hoc basis using a number of already established budgets within the financial

plan. It is proposed that a policy for in-kind grants be developed and that all in-kind grants be comprehensively reported on. It is proposed that this policy be developed in 2015 for implementation in 2016.

Participatory Budgeting

As part of the financial planning process, Council has directed staff to explore options for participatory budgeting for 2016. Based on experience from other communities, using a portion of the strategic plan grants could be such an opportunity

Limits on Grant Funding

It is proposed that a number of limits be included in the policy. These limits are intended to ensure the City is not the sole financial support of the applicant, and that the citizens of Victoria benefit from the programs and projects. It is suggested that:

- Requests to cover the applicant's administration costs be capped at 18%
- Applicants be required to be located within the Greater Victoria area
- Requests for annual operating funding be capped at 50%
- Requests for project funding be capped at 75%
- Capital equipment, such as computers and office equipment, be ineligible

Over-subscription for Grant Funding

Based on past experience, the City is likely to receive funding applications totalling more than the available budget. There are a number of different ways that Council could allocate the available funding and it is recommended that Council establish a process for addressing a situation where more funding is requested than is available. Some considerations for Council are:

1. Reduce all grants for all applications so that each application receives a proportionately smaller amount
2. Rate and prioritize grant requests and approve the applications that Council expects to contribute the most toward the strategic objectives
3. Increase the grant budget

Options & Impacts

Option 1: Establish a single program with one funding envelope for all strategic objectives (recommended)

- Replace neighbourhood enhancement, greenways, community arts, and sustainability grant programs with the new grant program
- Festival investment grants remain unchanged
- Fee-for service grants remain unchanged for 2015; replaced by the new grant program in 2016

Pros:

- Provides Council with the most flexibility in that the applications with the most merit, based on the strategic objectives, could receive the most funding and not be restricted by amount in a separate funding envelope
- Provides ample notice to the organizations that have not applied under a competitive process previously

Cons:

- Could make decision-making more difficult since all applicants are competing against each other

Option 2: Establish a new program but allocate funding between all strategic objectives; festival investment grants remain unchanged; same phasing-in approach for fee-for-service grants as in option 1

Pros:

- Applicants know funding available for each category.
- Could make decision-making less difficult since applicants are only competing against other applicants in the same category.

Cons:

- Applications that have more merit than others may be declined due to limited funding for a particular strategic objective.

Option 3: Align existing programs with Strategic Plan objectives

Pros:

- Current programs are known by applicants

Cons:

- Does not address any of the shortcomings of the current programs (some oversubscribed, others undersubscribed; inconsistent processes between the grant programs, reporting requirement not consistent; for the majority of programs no opportunity for new applicants to apply)
- Not all strategic objectives would have a program and if funding envelopes remain the same there would be no funding available to create new ones

Recommendations

That Council:

1. Approve the proposed grant program and process incorporated into the *Grant Policy* as outlined Appendix A
2. Implement a phased-in approach as outlined in this report:
 - a. In 2015, fee-for service grant process will remain unchanged and neighbourhood enhancement, greenways, community arts and sustainability programs will be replaced with the new grant program aligned with the 2015-2018 Strategic Plan
 - b. In 2016, fee-for service grant process will be replaced with the grant program aligned with the 2015-2018 Strategic Plan
3. Direct staff to accept applications until May 24 and schedule two special Governance and Priorities Committee meetings the week of June 14 for presentation by eligible applicants
4. Direct staff to launch the intake for 2016 grants in September 2015 for approval by Council in November 2015 in alignment with the 2016 financial planning process
5. Direct staff to explore, as part of developing options for participatory budgeting, participatory budget opportunities for a portion of the strategic grant budget, prior to the 2016 grant process

Appendix A – Proposed Grant Policy and Application Form

1. Purpose

The purpose of the Grant Policy is to guide the City in managing grants with the exception of Housing and Festival Investment Grants which are guided under separate policies.

2. Objectives

The objectives are:

- Support not-for-profit organizations serving the City of Victoria
- Enhance the quality of life for residents, businesses and visitors
- Deliver services on behalf of the City
- Complement or extend the reach of City service
- Provide a service the City would otherwise deliver given adequate resources
- Meet evolving strategic and community priorities
- Provide opportunity to a diverse group of applicants
- Promote sound financial management
- Provide a fair, consistent, effective and efficient evaluation process
- Promote transparency and accountability

3. Grant Definitions

The City Grant Programs will consist of three grant streams: Direct Award Grants, Strategic Plan Grants and Micro Grants.

Direct Award Grants:

- For eligible organizations delivering a service or program on behalf of the City on an ongoing basis, including a service to operate City-owned facilities

Direct Award Grants are:

- a. Community and senior centre operating grants
- b. Neighbourhood base grants and insurance
- c. Heritage grants
- d. Recreation Integration Victoria
- e. Volunteer coordinators for each neighbourhood with a community garden

Strategic Plan Grants:

- For eligible organizations working on a project or program basis that supports the actions and outcomes of the City's 2015-2018 Strategic Plan Objectives

Micro Grants:

- For eligible community groups delivering a service or program for volunteer coordination of commons and community gardens

4. Eligibility Criteria

Common Criteria

The organization must meet all the following criteria to apply for a grant:

- Registered non-profit organization in good standing in the Province of BC or registered charitable organization in good standing with the Canada Revenue Agency
- Organization resides within the Capital Regional District and the services and activities benefit residents of the City of Victoria

- Complement or extend the reach of the City services
- Evidence of clear mandate and competent administration
- Evidence of ongoing, active volunteer involvement
- Not in arrears with the City of Victoria
- Not in bankruptcy or seeking creditor protection
- Demonstrate financial stability and accountability
- Evidence of diversity of funding sources and/or increasing financial self-sufficiency
- Applicants must apply for funding on an annual basis
- Projects or programs must be substantially completed within the grant time period
- Monitoring and reporting requirements

The grant must be leveraged to create additional financial value by securing one or more of the following:

- Funding from other governments
- Corporate sponsorships
- Matching funds
- In-kind contributions
- Waived fees and charges

The following activities and costs are *ineligible* for grant funding:

- Commercial activities and related costs
- Religious activities and related costs
- Land purchase and land improvements
- Activities and costs that are the responsibility of other governments
- Costs not directly associated with approved project, program or service
- Fundraising costs for the operations of the organization
- Travel costs
- Conference, workshop, training or professional development costs
- Deficit or debt repayment
- Re-investment of unused grant revenue by funded organization

Specific Criteria

Direct Award Grants:

- Fund the operation of City-owned facilities and/or
- Deliver services on behalf of the City

Strategic Plan Grants:

The grant must support the outcomes of at least one of the following City Strategic Plan Objectives:

- Innovate and Lead
- Engage and Empower the Community
- Strive for Excellence in Land Use
- Build Financial Capacity of the Organization
- Create Prosperity through Economic Development
- Make Victoria More Affordable
- Facilitate Social Inclusion and Community Wellness
- Enhance and Steward Public Spaces, Green Spaces and Food Systems
- Complete a Multi-model Active Transportation Network

- Nurture Our Arts, Culture and Learning Capital
 - Steward Water Systems and Waste Streams Responsibly
 - Plan for Emergencies Including Climate Change Short and Long Term
 - Demonstrate Regional Leadership
- and
- administrative costs are capped at a maximum of 18% of total budget
 - Organizations can be funded up to 75% of project or program costs
 - Operating funding up to 50%

Micro Grant:

- Must comply with all City's food policies such as the Boulevard Gardening Guidelines and Community Garden Policy
- Organizations can be funded to a maximum of \$500 per grant

5. The Grant Review Process

There is one intake period per year. All grants are awarded using a competitive process and/or performance based process.

The process of reviewing the grants would include the following steps:

1. Applications submitted by deadline
2. Staff review applications for eligibility
3. Applications that impact public space will be vetted through appropriate departments to assess the project or program feasibility
4. Staff report eligible applications to the Governance and Priorities Committee
5. Eligible Strategic Plan Grant applicants present to Council
6. Council assesses each application
7. Council awards and approves the grants
8. Grants distributed in July (to coincide with when the City receives its annual funding through property taxes)
9. Recipients report on grant use and deliverables

6. Decision Making

Staff will review all applications and evaluate based on the eligibility requirements. All eligible grant applications will be presented to Council for review. Eligible applicants applying for the Strategic Plan Grants will be required to make a presentation to Council. City Council will decide on all the grant allocations.

7. Grant Limitations

- Not all applicants meeting the Grant Program requirements will necessarily receive a grant
- Based on the number of applications, groups may not receive the full grant that they request
- Approval of a grant in any one year is not an automatic ongoing source of annual funding

8. Monitoring and Reporting

Each grant recipient will be required to submit an annual or post-program report as specified by the City.

8. Repayment of Grant

If the grant will not be used for the stated purpose, the full amount must be returned to the City.

Appendix B: 2013 and 2014 Grants Paid

	2013 GRANTS PAID	2014 GRANTS PAID
<u>Fee-for-service</u>		
Greater Victoria Economic Development Agency	50,000	50,000
Greater Victoria Film Commission	45,000	45,000
SportHost	7,500	7,500
Tourism Victoria	47,500	47,500
Victoria Advanced Technology Association (VIATeC)	22,500	22,500
Community Social Planning Council	16,590	16,590
NEED2	20,103	20,200
St John Ambulance	2,221	2,250
Volunteer Victoria	11,439	11,500
Beacon Community Services (school crossing guards)	30,000	30,000
Compost Education Centre	13,530	13,530
Victoria Youth Council	20,000	20,000
Downtown Victoria Ambassadors	15,000	15,000
Greater Victoria Bike to Work Week	2,500	2,500
Greater Victoria School District-Bike to School Week (one time allocation)	0	3,600
Greater Victoria Coalition to End Homelessness	100,000	100,000
Maritime Museum	20,000	20,000
Victoria AM Society	2,000	2,000
Youth Empowerment Society Summer Opportunities	2,000	2,000
Burnside Gorge Community Association (Youth)	10,000	10,000
Fairfield Community Association (Youth)	15,000	15,000
James Bay Community Project (Youth)	10,000	10,000
Our Place Society (Adult)	25,000	25,000
Youth Empowerment Society - Downtown (Youth)	15,000	15,000
	502,883	506,670
<u>Program Grants</u>		
Sustainability *	86,500	86,542
Neighbourhood Development - Enhancement *	20,597	27,845
Neighbourhood Development - Greenways *	25,000	0
Community Arts *	10,000	30,000
	142,097	144,387
* Detailed listing on following pages		
Festival Investment	154,486	153,395
	799,466	804,452

Appendix B: 2013 and 2014 Grants Paid

Sustainability Grants		
Organization	Purpose	2013 Grant Paid
Bipolar Disorder Society of British Columbia	Stigma Stomp Classroom	6,500
Burnside Gorge Community Association	Youth Self Sufficiency Program	10,000
Community Social Planning of Greater Victoria	Building Resilient Neighbourhoods	10,000
Greater Victoria Cycling Coalition	Bicycles Mean Business	10,000
Healing Cities Institute Society	Living the New Economy	10,000
Oaklands Community Association	Youth Leaders in Training	10,000
Our Place Society	Extend - Our Place Society Pilot Project	10,000
Synergy Sustainability Institute	Regional Green Business Certification	10,000
Together Against Poverty Society	Volunteer Disability Peer Advocacy Project	5,000
Victoria Brain Injury Society	Community Awareness Project	5,000
		86,500
Organization	Purpose	2014 Grant Paid
Bipolar Disorder Society of British Columbia	Stigma Stomp Classroom	6,500
Burnside Gorge Community Association	Youth Self Sufficiency Program	7,500
Community Social Planning of Greater Victoria	Building Resilient Neighbourhoods	7,500
Friends Uniting for Nature Society	FUN Champs	6,000
Healing Cities Institute Society	Living the New Economy	6,000
Lifecycles Project Society	From the Ground Up	8,000
Intercultural Association of Greater Victoria	Hands On: Living Puppet Traditions	5,000
Oaklands Community Association	Oakland Market Sustainability Internship	9,000
Quadra School Parent Advisory	Create Vibrant/Sustainable Landscape - Quadra School	8,292
Society of Friends of St. Ann's Academy	Bringing Leadership to Life	7,500
Victoria Brain Injury Society	Youth Supporting Youth	5,800
Victoria Cool Aid Society	Community Volunteer Training	4,675
World Fisheries Trust	Citizens under the Sea: Mobile Seaquaria	4,775
		86,542

Neighbourhood Enhancement Grants		
Organization	Purpose	2013 Grant Paid
Fairfield Gonzales Community Association	Fairfield Community Garden	5,000
North Park Neighbourhood Association	Beautification/Information	2,678
Victoria West Community Association	Dishwasher/Community Dinners	2,800
Fernwood Neighbourhood Resource Group	Community Orchard	4,900
Oaklands Community Association	Growing Young Farmers Garden Project	3,315
Victoria West Community Association	McCaskill Street Wall Art	1,904
		20,597
Organization	Purpose	2014 Grant Paid
Burnside Gorge Community Association	Cecelia Ravine Garden	5,000
Fairfield Gonzales Community Association	Educational Awareness - Neighbourhood Resiliency	3,525
Fernwood Neighbourhood Resource Group	Commercial Kitchen Upgrades	4,125
Learning Disabilities Association of BC	School Partnership project - Youth Literacy	5,000
James Bay New Horizons Society	Honey Bee Education Garden and Beehives	4,200
North Park Neighbourhood Association	Neighbourhood Planning and Branding Exercise	3,400
Fernwood Community Association	Shape Your Future	2,495
Fernwood Community Association	Grant Street Book Box Lending Library	100
		27,845

Appendix B: 2013 and 2014 Grants Paid

Greenways Grants		
Organization	Purpose	2013 Grant Paid
Fernwood Community Association	Central Middle School Greenways Path	15,000
North Jubilee Neighbourhood Association	Fern Park Green Project	10,000
		25,000

Community Arts Grants		
Organization	Purpose	2013 Grant Paid
Open Space	Artist in Residence - Visual Arts	10,000
		10,000
Organization	Purpose	2014 Grant Paid
Fairfield Gonzales Community Association	Fairfield Gonzales Stories Mural Project	7,500
Theatre Inconnu	Family Interactive Puppet Art	7,500
Pandora Arts Collective Society	Collaborative Community Film Project	7,500
Suddenly Dance Theatre Society	Suddenly Dance WITS Residency	7,500
		30,000

Proposed Alignment of Grants Program with 2015–2018 Strategic Plan

Purpose

Propose new grant program aligned with the 2015–2018 Strategic Plan, with a two-phased implementation

Council Direction

- Streamline grant process for implementation in 2015
- Two new categories approved: direct award grants and grants aligned with 2015–2018 Strategic Plan
- Direct award grants and Festival Investment grants approved for 2015

New Program Objectives

Based on research of other municipalities and taking public input into account:

- **Flexibility**
 - Broader scope
 - One funding envelope
- **Consistency and opportunity**
 - Same application and evaluation process
 - New applicants
- **Council involvement and oversight in the award of grants**
 - Applicants present requests to Council; Council determines merit
 - Formal reporting back before following year's grant awards

Original Grant Programs

Five programs with competitive application processes:

- Festival Investment \$156,000
- Neighbourhood Enhancement \$30,000
- Greenways \$25,000
- Community Arts \$30,000
- Sustainability \$86,000

One program without competitive process

- Fee-for-service \$513,000

Community Garden Grants

Micro Grants:

- Volunteer coordination of commons and community gardens
- \$500 maximum

Community garden volunteer coordinators:

- \$6,000 direct award grant to each of the six neighbourhoods with community gardens

Implementation

Proposed to phase-in over two years

- **2015:**
 - Fee-for-service grants remain unchanged
 - Festival Investment Grants remain unchanged
 - Replace neighbourhood enhancement, greenways, community arts and sustainability grants with grant program aligned with Strategic Plan
- **2016:**
 - Festival Investment Grants remain unchanged
 - Replace fee-for-service grants with new grant program aligned with Strategic Plan
 - Explore options for participatory budgeting

Support to Organizations

- Assistance in putting applications together
- Information session

Recommendations

That Council:

- 1. Approve the proposed grant program and process incorporated into the *Grant Policy* as outlined Appendix A**
- 2. Implement a phased-in approach as outlined in this report:**
 - a. In 2015, fee-for service grant process will remain unchanged and neighbourhood enhancement, greenways, community arts and sustainability programs will be replaced with the new grant program aligned with the 2015-2018 Strategic Plan
 - b. In 2016, fee-for service grant process will be replaced with the grant program aligned with the 2015-2018 Strategic Plan

Recommendations

3. Direct staff to accept applications until May 24 and schedule two special Governance and Priorities Committee meetings the week of June 14 for presentation by eligible applicants
4. Direct staff to launch the intake for 2016 grants in September 2015 for approval by Council in November 2015 in alignment with the 2016 financial planning process
5. Direct staff to explore, as part of developing options for participatory budgeting, participatory budget opportunities for a portion of the strategic grant budget, prior to the 2016 grant process



Governance and Priorities Committee Report

For the April 23, 2015 Meeting

To: Governance and Priorities Committee **Date:** April 8, 2015
From: Robert Woodland, Director of Legislative and Regulatory Services
Subject: Application for a Liquor Primary Licence, **Helijet International Inc. (Helijet Victoria Terminal)**, 79 Dallas Road

Executive Summary

The purpose of this report is to seek a Council resolution regarding an application by Helijet International Inc. (Helijet Victoria) located at 79 Dallas Road for a Liquor Primary Licence. This is a new licence application and will require Council to receive input from the Public through a Liquor Licence hearing as set out in the Liquor Licensing Fee Bylaw and the City's Liquor Licensing Policy and Process.

The proposed hours of liquor service would be from 09:00h (9:00AM) to 21:00h (9:00PM) seven days per week. The occupant load for the terminal lounge proposed for liquor service is 30 persons (all inside the building).

Recommendation:

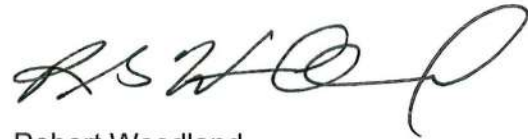
That Council, after conducting a review of the staff assessment of the application for a Liquor Primary Licence for **Helijet** located at 79 Dallas Road and in accordance with the City's Liquor Licensing Fee Bylaw and Liquor Licensing Policy approves:

1. The scheduling of a Liquor Licence Hearing before Council to receive written and oral submissions from residents, property owners and the public with respect to this application; and
2. Based upon the results of the public input received through the Liquor Licence hearing process, approve a resolution (with comments on the relevant factors) either supporting the licence application or not supporting the licence application. The appropriate resolution will be brought to Council at the earliest opportunity after completion of the Liquor Licence hearing.

Respectfully submitted,




Mark Hayden
Manager, Bylaw and
Licensing Services



Robert Woodland
Director Legislative and
Regulatory Services

Report accepted and recommended by the City Manager:



Date:

_____ April 14, 2015 _____

Purpose

The purpose of this report is to seek Council direction regarding a Liquor Primary Liquor Licence application by Helijet International Inc., in relation to their proposed liquor primary lounge in their passenger terminal located at 79 Dallas Road.

Background

This is a new application requesting the ability to provide liquor service as part of a passenger terminal for their helicopter air service business. The original proposal was to provide liquor service from 9:00AM to Midnight seven days per week. However, based on the fact that liquor service can only be an ancillary use in this zone, the applicant has provided an email (attached in the Appendix to this report) agreeing to operating hours of 9:00AM to 9:00PM seven days per week. These hours more closely reflect the scheduled service hours of the passenger terminal.

The proposed business is located at 79 Dallas Road on the GVHA property near Ogden Point and is included within the current Helijet passenger terminal building. The applicant is seeking to have a liquor licence in order to be able to provide liquor service to their passengers. A Letter of Intent from the business owner (submitted in August 2014 to the LCLB when the applicant first initiated this request) is attached in the Appendix to this Report as well as the Application Summary prepared by the LCLB. While the original application was for an occupant load of 50 persons, a review by the City's Chief Building Official has approved an occupant load of 30 persons which has amended the original application accordingly.

Location

Official Community Plan:

- This area includes marine industrial use, portions of the Working Harbour, adjacent Urban Residential and some General Employment uses. It is an important maritime gateway to the City containing major transportation facilities.
- The area is designated within Development Permit Area 11, James Bay and Outer Harbour.

Zoning:

- The Helijet Terminal is located at Ogden Point which is zoned M-2; Light Industrial District.
- Residential use (with the exception of a residence for a watchman as an ancillary use) is not permitted within the M-2 Zone.
- Food and beverage service would only be permitted in this zone as an ancillary use to a permitted use. The helicopter passenger terminal is a permitted use and therefore this application will only comply with zoning if the liquor service remains an ancillary use to the passenger terminal operation.

Neighbourhood Compatibility:

- The subject property is in the Activity District pursuant to the terms of the Noise Bylaw although the adjacent residential areas, on the opposite side of Dallas Road, are located in an Intermediate District.
- The nearest residences are located to the east, on the opposite side of Dallas Road.
- If Liquor is sold to ticketed passengers during hours of operation only and those hours of operation are consistent with the schedule provided by Rising Tide consultants, then it is considered that the proposed operation would have little impact upon the neighbouring community.

The Sustainable Planning & Community Development Department has no objection to the application as long as the use is ancillary to the operation of a passenger terminal.

Liquor Control and Licensing Branch

The General Manager of the provincial Liquor Control and Licensing Branch (LCLB) issues liquor licences under the authority of the *Liquor Control and Licensing Act* and regulations. Local government is to provide comments and recommendations to the LCLB on all new liquor-primary licence applications regarding the following criteria:

- a) The location of the establishment;
- b) The proximity of the establishment to other social or recreational facilities and Public buildings;
- c) The person capacity and hours of liquor service of the establishment;
- d) The number and market focus or clientele of liquor-primary licence establishments within a reasonable distance of the proposed location;
- e) The impact of noise on the community in the immediate vicinity of the establishment; and
- f) The impact on the community if the application is approved.

Relevant City Policy / Bylaw

- a) Liquor Licensing Policy;
- b) Liquor Licensing Fee Bylaw.

Issues and Analysis

As stipulated in the *Liquor Control and Licensing Act*, Council has been requested to provide input to the LCLB with respect to this application. Under the City’s Liquor Licensing Fee Bylaw and the City’s Liquor Licensing Policy, Council is required to hold a Liquor Licence hearing to receive input on new applications for a Liquor Primary Licence, such as this application.

Under the rules established by the Liquor Control and Licensing Branch, Council can choose to “opt out” of providing comment on this application. As proceeding to opt out is contrary to the City’s Policy on Liquor Licensing, that option has not been further explored in this report.

Within a 2 block radius of the proposed business, there are 2 other Liquor Primary Licensed establishments with a total patron capacity of 830 seats. Both establishments are private clubs in nature and do not provide liquor service to the general public. Details are set out in the table:

VENUE	HOURS	SUNDAY HOURS	SEATING	TYPE
HMCS Malahat 20 Huron St.	09:00h to 02:00h	09:00h to 02:00h	310	Military Mess
Victoria Edelweiss Club 108 Niagara St.	11:00h to 01:00h	11:00h to Midnight	520	Private Club

Bylaw Enforcement

The Bylaw and Licensing Services Division has no concerns with the application. If this application is ultimately approved, the applicant would need to complete a Good Neighbour Agreement in accordance with the requirements of the Business Licence Bylaw. This would become a condition of their City issued business licence.

Engineering & Public Works Department

The Community Development Coordinator has no concerns with this application as the liquor service would be restricted to Helijet customers.

Police

Based upon the assumption that liquor service at this location will be restricted to Helijet passengers, the Police Department has no concerns with this application being approved.

Public Engagement and Consultation

If Council endorses the recommendation of this Report, in accordance with the City's Liquor Licensing Fee Bylaw and Liquor Licensing Policy, all owners and occupiers of property within 100 metres of the applicant's location will be solicited by mail to provide input regarding this application and invited to attend the Liquor Licence Hearing. In addition, the business will be required to display posters at the access points to their proposed business location for a minimum 3 week period which will also invite the Public to provide input to the City with respect to this application and to attend the Liquor Licence Hearing.

Conclusions

As required under the City's bylaws and policy, the staff review has been completed and has identified no barriers to this application proceeding to the next step – public consultation via a Liquor Licence hearing before Council.

If the recommendations are approved, staff will arrange to receive public input via a Liquor Licence hearing in accordance with City policy within 30 days. A final Report to Council would be prepared and submitted summarizing the results of the Liquor Licence Hearing. This report will also provide a draft Resolution for submission to the Liquor Control and Licensing Branch for Council's consideration.

Recommendation

That Council, after conducting a review of the staff assessment of the application for a Liquor Primary Licence for **Helijet** located at 79 Dallas Road and in accordance with the City's Liquor Licensing Fee Bylaw and Liquor Licensing Policy approves:

1. The scheduling of a Liquor Licence Hearing before Council to receive written and oral submissions from residents, property owners and the public with respect to this application; and
2. Based upon the results of the public input received through the Liquor Licence hearing process, approve a resolution (with comments on the relevant factors) either supporting the licence application or not supporting the licence application. The appropriate resolution will be brought to Council at the earliest opportunity after completion of the Liquor Licence hearing.

ATTACHMENTS

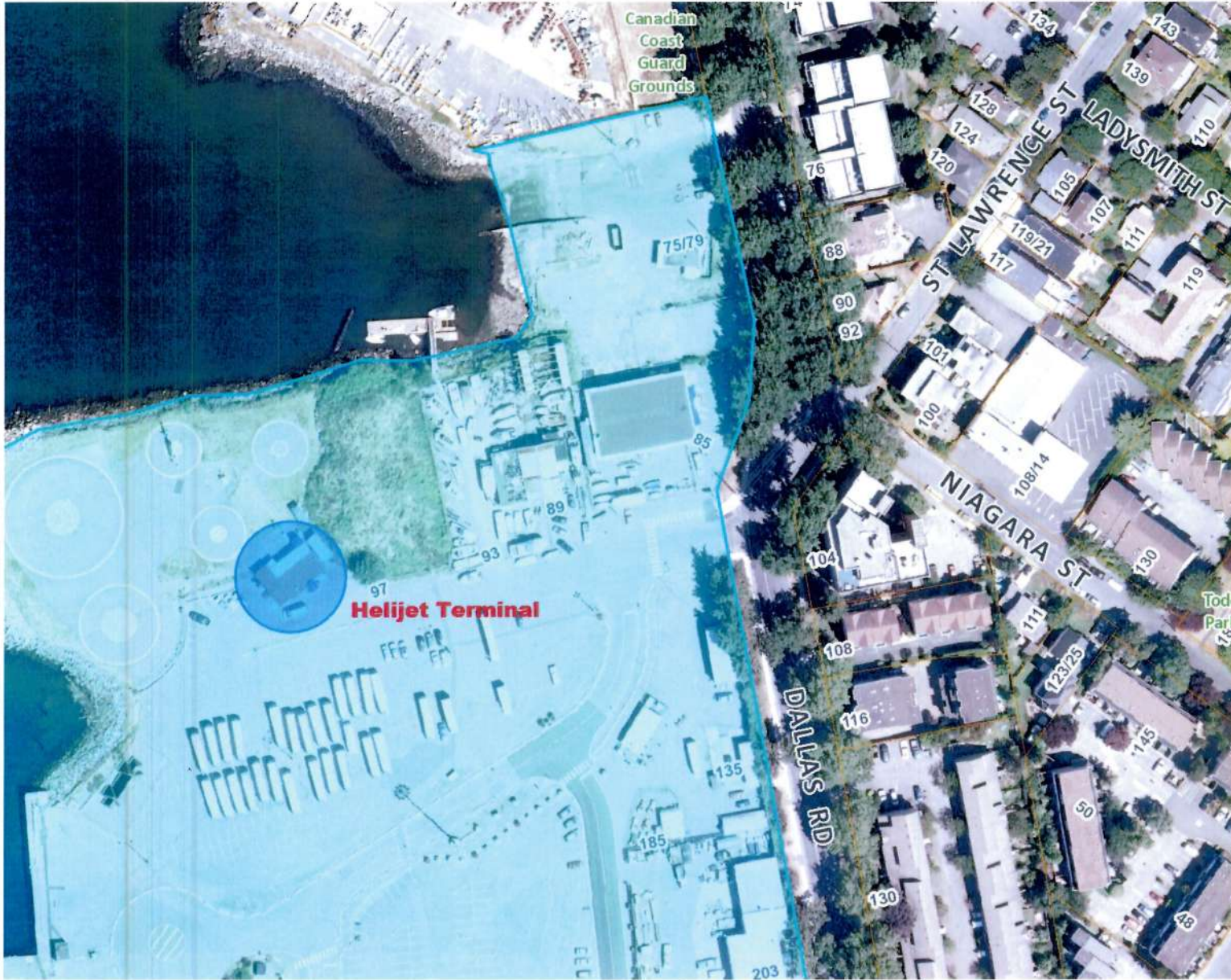
The following documents are attached:

1. An aerial photograph (map) of the property and surrounding area.
2. The Application Summary prepared by LCLB
3. A letter from the applicant explaining the purpose for the application.
4. An email from the applicant's agent requesting a change to the permitted hours of operation.



Printed from VicMap (Internal Version)

04/14/2015



Legend

 Victoria Parcels

1: 1,627



Notes

Helijet International Inc.
Victoria Terminal
79 Dallas Road

82.6 0 41.31 82.6 Meters

NAD_1983_CSRS_UTM_Zone_10N

Public domain: can be freely printed, copied and distributed without permission.

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

THIS MAP IS NOT TO BE USED FOR NAVIGATION

 <p>BRITISH COLUMBIA</p>	<p>APPLICATION SUMMARY For Applicant and Local Government/First Nations</p>
---	--

Date: December 11, 2014

Job #24236670-1

Created by: Janine Lind

Re: Application for a Liquor-Primary (LP) Licence
Applicant: Helijet International Inc.
Proposed Location: 79 Dallas Road, Victoria
Proposed Establishment Name: Helijet Victoria Terminal

1. APPLICATION INFORMATION

Date application deemed complete: December 11, 2014

Local Government Jurisdiction: City of Victoria

The primary business focus of the proposed establishment: Hospitality

Total person capacity/occupant load requested: Person 01 = 50 persons
 (this number includes patrons plus staff)

Hours of Operation requested:

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM	9:00 AM
12:00	12:00	12:00	12:00	12:00	12:00	12:00
Midnight	Midnight	Midnight	Midnight	Midnight	Midnight	Midnight

Terms and Conditions and/or Endorsements Requested:

- Minors permitted to be present while liquor is being served.
- Liquor service is only permitted in conjunction with passenger flights.

2. APPLICANT ELIGIBILITY AND SUITABILITY INFORMATION (Fit and Proper)

Applicant has met the eligibility and suitability requirements of the Liquor Control and Licensing Act (LCLA) as well as Liquor Control and Licensing Policy section 3.2.

3. LOCATION/SITE FACTORS

The following sections are compiled from information provided by the applicant except where indicated otherwise.

The proposal is to licence the passenger waiting area of the Helijet terminal building.

The legal description of the proposed site is: Lot 1, Section 31, Beckley Farm, Victoria & Part of the Bed of Victoria Harbour VIP80448.

See the attached **Applicant's Letter of Intent** for details of the proposed Liquor Primary establishment, including the following details:

- a) **Business Focus or Purpose**
- b) **Target Market**
- c) **Composition of the Neighbourhood and Reasonable Distance Measure**
- d) **Benefits to the Community**
- e) **Noise in the Community**
- f) **Impact on the Community**
- g) **Other impacts, comments or requests**

Please note that the applicant's letter of intent is attached to this report for reference purposes. The information or statements included in the letter of intent have not been confirmed unless otherwise stated in this report.

Community Indicators

Contravention Statistics

- The Liquor Control and Licensing Branch can provide contravention statistics for liquor primary and liquor primary club establishments within your area upon request.

POPULATION AND SOCIO-ECONOMIC INFORMATION

- Circle population statistics for 2001 and 2006 are available from BC Stats by emailing your request to BC.Stats@gov.bc.ca
- BC Stats Community Facts includes the BC Benefits recipient and EI Beneficiary statistics and is available at <http://www.bcstats.gov.bc.ca/data/dd/facsheet/facsheet.asp>

4. PUBLIC INTEREST

In providing its resolution on the proposed Liquor Primary application, local government must consider and comment on each of the regulatory criteria indicated below. The written comments must be provided to the general manager by way of a resolution within 90 days after the local government receives notice of the application, or any further period authorized by the general manager in writing.

Section 10 of the Liquor Control and Licensing Regulation states that local government or First Nation must consider and comment on each of the following criteria:

- a) The location of the establishment;
- b) The proximity of the establishment to other social or recreational facilities and public buildings;
- c) The person capacity and hours of liquor service of the establishment;
- d) The number and market focus or clientele of liquor primary establishments within a reasonable distance of the proposed location;
- e) The impact of noise on the community in the immediate vicinity of the establishment; and
- f) The impact on the community if the application is approved.

The local government or first nation must gather the views of residents in accordance with section 11.1 (2) (c) of the Act and include in their resolution:

- (i) the views of the residents,
- (ii) the method used to gather the views of the residents, and
- (iii) its comments and recommendations respecting the views of the residents;

The local government or first nation must provide their recommendations with respect to whether the licence should be issued and the reasons for its recommendations.

The resolution must be provided to the general manager within 90 days after the local government or first nation receives notice or any period authorized by the general manager in writing.

A sample resolution template and comments are enclosed as attachments 2 and 3 to this report for reference purposes.

For use by Liquor Control and Licensing Branch:

5. REGULATORY CONSIDERATIONS

Liquor Control and Licensing Act, sections: 11, 16 and 18

Liquor Control and Licensing Regulations sections: 4, 5, 6, 8, 10

6. POLICY CONSIDERATIONS

Policy Manual Section 3.2 Applicant Eligibility Assessment

Policy Manual Section 3.3 Site and Community Assessment

Policy Manual Section 3.4 Building Assessment and Issue of a Licence

APPLICATION FOR A LIQUOR PRIMARY LICENSE

AT: HELIJET
79 Dallas Road
Victoria, BC V8V 1A1



APPLICANT: Helijet International Inc.

LETTER OF INTENT
FOR THE APPLICATION FOR A LIQUOR PRIMARY LICENSE
as of August 15, 2014

The following is the Letter of Intent for this application for a liquor primary license.

PURPOSE

The applicant is applying for a liquor primary license to be situated inside the applicant's existing Helijet Terminal building located at 49 Dallas Road, Victoria, BC.

The applicant is proposing to add the sale and service of liquor within the existing Helijet terminal building located on the water at Ogden Point in Victoria. Helijet wishes to have the additional hospitality amenity of liquor service (primarily beer and wine) to cater to their Helijet passengers who are primarily tourists, government officials and business professionals in Victoria. Helijet is proposing to have a small liquor service counter in the passenger waiting area that will be available for customers to purchase liquor prior to a flight or disembarking from a flight. The applicant is not proposing to operate as a pub or nightclub. The sale of liquor is intended to be added amenity for their passengers.

This establishment will cater to a range of passengers such as government officials, tourists and business people utilizing the charter helicopter service, scenic tours and the regular scheduled Helijet commuter flights.

The licensed hours the applicant is seeking are between 9:00 a.m. to 12:00 midnight, Sunday to Saturday. However, the applicant will restrict the sales to be around the times of scheduled Helijet flights which usually end around 8:00 p.m.

The applicant will comply with section 10.3.5.2 of the Liquor Licensing Policy manual for the sale and service of liquor in an establishment that does not service liquor as their primary purpose. Attached is a copy of this policy provision. Therefore, the applicant is requesting a Minors Endorsement to permit minors to be present in the terminal in the accompaniment of a parent or guardian when liquor is being served.

TARGET MARKET

The location of this establishment is such that a liquor primary license would cater to government officials, tourists and business professionals who are travelling passengers on Helijet. The service of liquor to this target market will be an added hospitality amenity for the passengers using Helijet services.

This liquor license will contribute to the hospitality and tourism development in the city of Victoria by providing an added amenity for passengers using the services of Helijet, similar to liquor primary establishments at airports. As the liquor service will only be an amenity for passengers who booked a scheduled flight, tour or charter service, it is not expected that the liquor sales will be significant. The establishment will not cater to the general public as the sale and service is intended to be a hospitality feature only for passengers.

COMPOSITION OF THE NEIGHBOURHOOD

Attached to this Letter of Intent is a Victoria zoning map showing the location of the proposed licensed establishment. The zoning of the property is M-2 Light Industrial and attached is a copy of the M-2 zoning provision. The location of the terminal is in the James Bay community on the waterfront and beside the Coast Guard base and cruise ship terminal at Ogden Point. The immediate area is industrial with residential on the opposite side of Dallas Road.

The land use is a factor the City of Victoria will consider when they assess this application.

BENEFITS OF THE PROPOSED ESTABLISHMENT

The applicant's proposed establishment will benefit the community in the following ways:

- Provide a source of additional tax revenue for the city, the provincial and federal governments;
- Provide an additional hospitality amenity and enhance the travel experience for tourists, business professionals and government officials using the services of Helijet, similar to that of lounges at airports.
- Create employment.



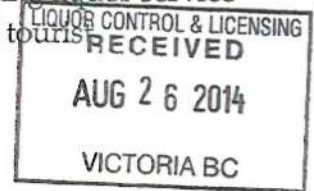
IMPACT OF NOISE ON THE COMMUNITY

This application is for a liquor primary license to be located inside the existing Helijet passenger terminal building. The sale and service of liquor will merely be an added amenity to the primary business which is the provision of helicopter charters, scheduled commuter flights and tourist sightseeing services. Therefore, this small licensed establishment will not have a negative noise impact on the community. From the photographs submitted with this application, it is clear that this site is in a commercial and industrial area and removed from residential areas. Also, given the small size of the establishment and the passenger profile, it is not expected that this establishment would impact negatively on the community.

The applicant will have to comply with the City of Victoria noise bylaw. This is a factor the City of Victoria will consider when it assesses the application.

OTHER IMPACTS ON THE SURROUNDING AREA

There are no other foreseeable impacts of the license on the surrounding area as the applicant will not be operating like a pub or a nightclub. They are proposing liquor service as merely an added hospitality amenity for the business, government and tourists passengers of Helijet.



OTHER

- Liquor service will be limited to times around the scheduled arrivals and departures of commuter flights, tours and charters. Liquor service is merely an added service for the government, business and tourist passengers of Helijet.
- The applicant is requesting a Minors Endorsement for this establishment under policy 10.3.5.2 of the Liquor Licensing Policy Manual.
- From the enclosed aerial photograph, it is evident that the proposed site for this small liquor primary licensed establishment with limited service is in an industrial area bounded by the entrance to Victoria Harbour and the Coast Guard base on one side, Ogden Point shipping terminal and parking on the other side, and a very large parking lot. Therefore, there will be no negative impacts on the community.

SITE MAP

Attached to the Letter of Intent is a site map which shows the location of the existing facility at 79 Dallas Road which is the site for the proposed location for this liquor primary licensed establishment.

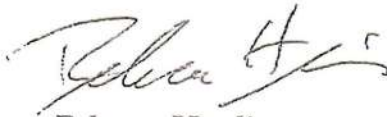
For the purpose of this application, the proposed site is in the industrial/waterfront area of Victoria. The applicant has determined that a three block radius would be a reasonable distance created for proximity to other relevant establishments.

The applicant could not identify any other liquor primary licensed establishments within a three block radius of the site, either licensed or an application in progress. Within a three block radius, the applicant could not identify any clubs, schools, preschools, daycare centres, health care facilities, senior's facilities, recreation/sports clubs, police stations, fire halls or libraries. There is a Canada Coast Guard base directly beside the terminal on one side and the Ogden Point Cruise Ship Terminal on the other side. MacDonald Park and Fisherman's Wharf Park are located within a four block radius.

The three block radius around the site is commercial and industrial in use. The applicant has attached to this Letter of Intent a map showing the location of Helijet and the surrounding area.

Therefore, the applicant is requesting approval of this small liquor primary licensed establishment that will be an added amenity to enhance the travel and hospitality experience for the passengers of Helijet.

All of which is respectfully submitted this 15th day of August 2014.

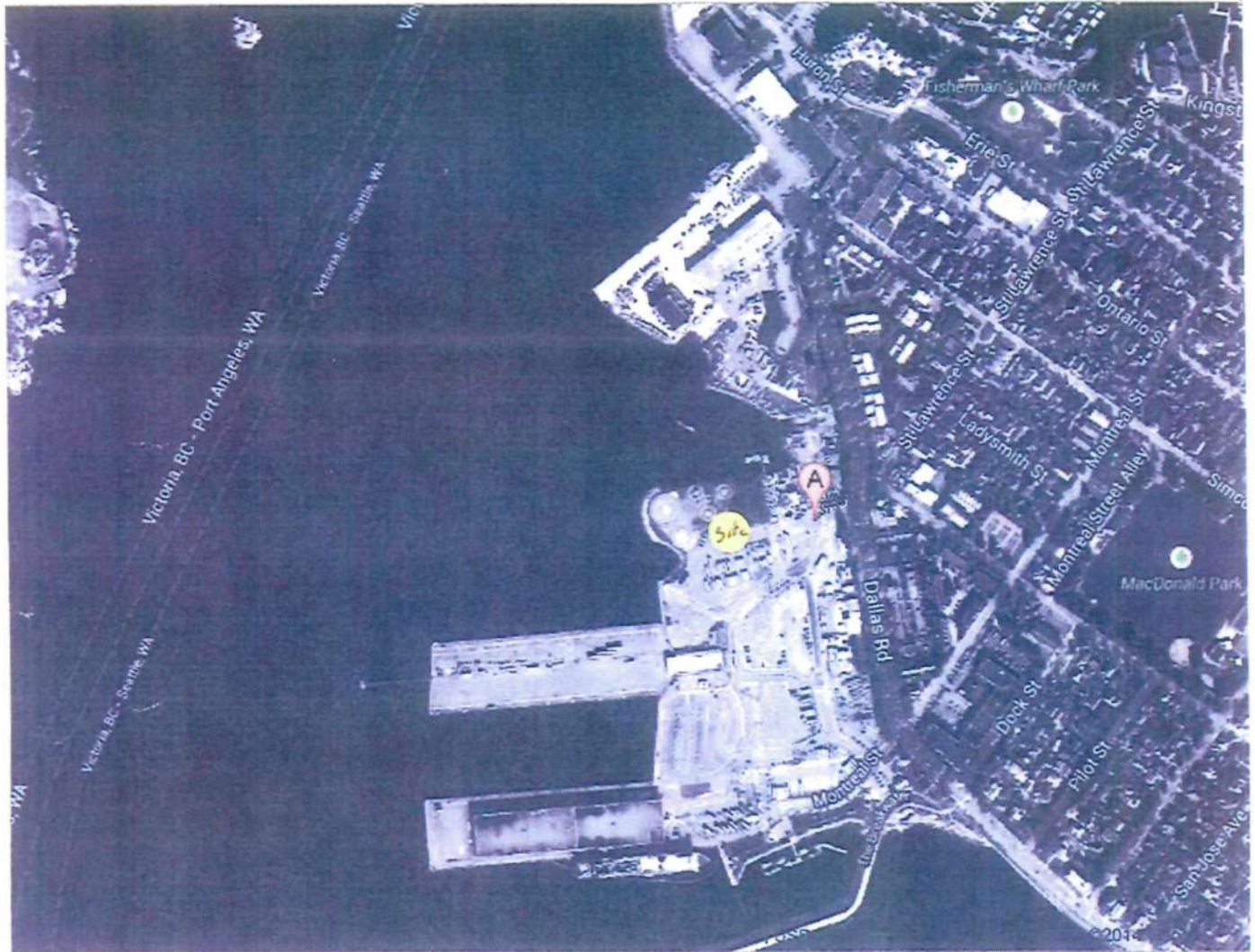


Rebecca Hardin
Rising Tide Consultants Ltd.
1090-1130 West Pender Street
Victoria, British Columbia
V6E 4A4





To see all the details that are visible on the screen, use the "Print" link next to the map.



LIQUOR CONTROL & LICENSING
RECEIVED
AUG 26 2014
VICTORIA BC

Mark Hayden

Subject: Hellijet Victoria

From: Rebecca Hardin
Sent: Tuesday, Feb 17, 2015 13:42
To: Mark Hayden
Subject: RE: Hellijet Victoria

Hi Mark,

Thank you for your time today. To confirm, we wish to amend our application with respect to the opening and closing hours for the proposed liquor license at the Hellijet terminal in Victoria. The proposed hours of operation for liquor service are to be 9am - 9pm Monday to Sunday.

With respect to the occupant load, this number is to remain unchanged at this time. We are underway with obtaining our stamped floor plan with occupancy, but have not received this final number yet. Once we receive we will forward direct to you.

Thank you again,
Rebecca

Rebecca Hardin

Vice President Operations & Licensing

RisingTide
CONSULTANTS

1620 - 1130 West Pender Street,
Vancouver, BC V6E 4A4

C: 604.314.0176 O: 604.669.2928 F: 604.669.2920

rebecca@risingtideconsultants.ca www.risingtideconsultants.ca



Governance and Priorities Committee Report

For the Meeting of April 23, 2015

To: Governance and Priorities Committee **Date:** April 14, 2015
From: Robert Woodland, Director, Legislative and Regulatory Services
Subject: Trans Mountain Expansion Project

Executive Summary

The purpose of this report is to:

- provide Council with a summary of the responses to the City's questions to Trans Mountain regarding the Trans Mountain Expansion Project, and
- to obtain Council direction regarding the City's position and next steps on the Trans Mountain Expansion Project.

As an intervenor in the National Energy Board's (NEB) public hearing on the Trans Mountain Expansion Project, the City of Victoria has a unique ability to put forward the views and opinions of local and regional residents and businesses with regard to the proposed pipeline expansion. In the fall of 2014, the City hosted an engagement process to collect public feedback regarding the proposed expansion. Close to 90% of engagement participants were opposed to the proposed expansion, with many expressing concerns that the risks associated with the proposed expansion significantly outweighed any benefits. The feedback received through that process was used to develop a number of questions for Trans Mountain, which were answered in early 2015. The answers to those questions show that few benefits from the proposed expansion are anticipated in Victoria or the CRD at this time, although an additional Coastal Community Benefit program is under consideration.

Staff are in the process of compiling the City's evidence submission to the NEB, which must be filed by May 27, 2015. The City's evidence submission will be a collection of facts and information that supports Council's views or beliefs on the proposed expansion. To date, Council has not formally expressed a position with regard to the proposed expansion. Formal direction from Council regarding its position is needed at this time in order for staff to effectively prepare the City's evidence submission and ensure that the submission supports any final argument that Council may wish to make. An expression of opposition to the proposed expansion would be consistent with the views of engagement participants and supported by the information provided by Trans Mountain, which shows an increased risk of an oil spill in the waters off of Victoria, but few direct benefits to Victoria or the CRD.

The next major step after the filing of evidence is the final argument phase of the hearing process. The City's evidence submission will focus largely on the views and concerns of residents. While these are valid local issues, it is expected that the City's argument may carry less weight in the public hearing, since the NEB will rely predominantly on evidence provided by experts in relevant disciplines. The City is not required to submit any final argument with regard to the proposed

expansion; however, participation in either written and/or oral final argument will ensure that residents' views are given full consideration by the NEB.

Recommendation

That Council:

1. Express Council's position with regard to the Trans Mountain Expansion Project to enable the submission of the City's evidence, and
2. Provide instructions to staff regarding the form of participation in the final argument portion of the hearing process.

Respectfully submitted,



Shannon Craig
Policy Analyst
Legislative and Regulatory Services Department



Robert Woodland
Director, Legislative and
Regulatory Services Department

Report accepted and recommended by the City Manager: _____

Date: _____
April 17, 2015

List of Attachments:

- Appendix A – Tanker Route
- Appendix B – Trans Mountain Response to City's Information Request (Hyperlink provided with electronic agenda)
- Appendix C – Response from President of Kinder Morgan to City's Questions (Hyperlink provided with electronic agenda)
- Appendix D – Previous Council Motions

Purpose

The purpose of this report is to:

- provide Council with a summary of the responses to the City’s questions to Trans Mountain regarding the Trans Mountain Expansion Project, and
- to obtain Council direction regarding its position and next steps on the Trans Mountain Expansion Project.

Background

The Trans Mountain Expansion Project

Trans Mountain has made an application to the National Energy Board of Canada (the NEB) to expand the Trans Mountain Pipeline System. The proposed Trans Mountain Expansion Project (the proposed expansion) consists of three components:

- twinning (or looping) of existing pipeline segments in Alberta and British Columbia
- new and modified facilities (including pump stations and tanks), and
- three new berths at the Westridge Marine Terminal in Burnaby, B.C.

The Terminal expansion will allow for an increase in handling capacity from the current five vessels per month to 34 vessels per month. The type of vessels loaded at the Terminal will remain the same. The tanker route from the Terminal commences in Burrard Inlet, and then traverses Boundary Pass, Haro Strait, and the Juan de Fuca Strait, passing to the south of Victoria, before reaching the Pacific Ocean. A map of the tanker route is attached as Appendix A.

The Public Hearing

The NEB is holding a public hearing to review Trans Mountain’s application. The NEB has identified 12 issues that will be considered during the hearing. The particular issue of significance to Victoria is Issue #5:

“the potential environmental and socio-economic effects of marine shipping activities that would result from the proposed project, including the potential effects of accidents or malfunctions that may occur.”

The NEB hearing is a formal legal process. The NEB has granted the City of Victoria intervenor status for this hearing. Intervenors are allowed to:

- file written evidence
- ask written questions about Trans Mountain’s and other intervenors’ evidence
- file, and potentially respond to, notices of motion
- comment on draft conditions, and
- present written and oral argument.

The following table outlines key dates associated with the NEB hearing process:

January 16, 2015	Intervenor information requests submitted to Trans Mountain – Completed
February 18, 2015	Trans Mountain responded to intervenor information requests – Completed
May 27, 2015	Intervenors file written evidence
September 2015	Oral hearings to hear intervenors’ oral summary argument and/or reply argument
January 25, 2016	NEB provides its report to the Federal Government

Activities to Date

In the fall of 2014, the City hosted an engagement process to collect public feedback regarding the proposed expansion. The engagement program focussed on the potential environmental and socio-economic impacts to the City, its residents and businesses from the increase in tanker traffic.

A report summarizing the results of the engagement process was shared with Council and the public at the December 18, 2014 Governance and Priorities Committee meeting and can be viewed by following the hyperlink to the City's *Have Your Say* website provided with this report on the electronic meeting agenda. The documents referenced in the paragraphs below can also be accessed via that link.

Informed by engagement results, on December 18, 2014, Council directed staff to submit the City's information request to Trans Mountain, which reflected the themes and concerns identified by members of the public. Information requests are the formal opportunity for intervenors in the public hearing to raise questions about the application filed by Trans Mountain or request additional information. A response to that information request was received from Trans Mountain on February 18, 2015 is attached as Appendix B.

On December 18, 2014, Council also directed staff to send a letter to Trans Mountain asking for answers to additional questions raised during public engagement activities that were outside of the scope or purpose of the information request. A response was received from the President of Kinder Morgan Canada on January 19, 2015 and is attached as Appendix C.

Issues & Analysis

Trans Mountain's Response to Identified Themes

The table below summarizes Trans Mountain's responses to the concerns and questions posed through both the City's formal information request and the additional letter to the President of Kinder Morgan Canada.

	Theme	Description	Trans Mountain Response
1.	Climate change	Engagement participants were concerned that the proposed expansion will contribute to climate change.	<ul style="list-style-type: none"> • Not addressed
2.	The need for the proposed expansion	Engagement participants questioned why alternative sources of energy were not being considered or why petroleum products could not be refined or used within North America.	<ul style="list-style-type: none"> • Trans Mountain is supportive of alternative and clean energy technologies and continues to explore new technologies that can be incorporated into their own operations. • Canada produces more oil than it domestically needs. Not exporting this surplus of oil would mean fewer jobs for Canadians and a reduction in government revenues.

	Theme	Description	Trans Mountain Response
3.	How the proposed expansion will benefit Victoria, Vancouver Island or British Columbia	Engagement participants wanted more information regarding the local or regional benefits of the proposed expansion and questioned whether those benefits would justify the identified risks.	<ul style="list-style-type: none"> • There will be a total of 36,000 person-years of employment generated in BC during development. • There will be an additional \$309 million of BC provincial taxes generated during the project development phase. • There will be an overall boost to employment of 50,000 to 65,000 person-years during the first 20 years of operations, with 60 per cent of the jobs being created in BC. • The Project will generate about \$727 million in additional tax revenues for the BC government during the operations phase. • The economic and fiscal benefits study by the Conference Board of Canada commissioned by Trans Mountain on the Project did not specifically consider the City of Victoria or the Capital Regional District (CRD). It can be expected that within the CRD, there will be vendors and jobs seekers who will be looking for procurement or employment opportunities during the construction of the Project. • Increased spill response capacity will create new employment and infrastructure in the CRD. The total investment towards enhanced spill response capacity in the Salish Sea is up to \$100 million in initial capital spending and 100 on-going full-time equivalent positions. • Trans Mountain is considering a Coastal Community Benefit program that will require further consultation with local governments.
4.	The impacts of increased tanker traffic on whale populations	Engagement participants questioned how Trans Mountain will minimize the impacts to the Southern Resident Killer Whale population associated with an increase in tanker traffic.	<ul style="list-style-type: none"> • While Trans Mountain's vessel acceptance process provides a means to screen vessels for suitability there are currently no accepted standards for underwater noise quieting techniques or adaptations that could be implemented as the basis of a screening criteria. Similarly, due to the absence of standardized criteria there are no published performance rankings for vessels against which to screen for their acceptance. As such it is not practical for Trans Mountain to implement acoustic criteria for tankers or tugs in its vessel acceptance process at this time. • Port Metro Vancouver (PMV) is engaged in working collaboratively with regulators and industry to develop future guidelines or standards for reducing underwater noise from commercial vessels in local waters. Once such guidelines are available, Trans Mountain shall require Project tankers to adopt those as best practice as part of its Tanker Acceptance Standards.

	Theme	Description	Trans Mountain Response
5.	Marine accident and oil spill risk mitigation	Engagement participants questioned what strategies Trans Mountain has in place to mitigate the risk of marine accidents and oil spills, including shipping routes and tanker construction and safety requirements.	<ul style="list-style-type: none"> • Tankers are held to strict internationally accepted build, manning, maintenance and operating quality standards mandated by the International Maritime Organization and Canadian Shipping Act. • Only double-hull tankers of modern design and construction are accepted for scheduling at the Westridge Dock. • In accordance with Port Metro Vancouver and the Pacific Pilotage Authority (PPA) requirements, tugs capable of controlling the tanker are tethered to the vessel as it transits to open waters. The PPA requires that a tethered tug escort is also provided through Boundary Pass (starting near East Point) and Haro Strait (through Turn Point) through to Victoria. • In its application to the NEB, Trans Mountain has proposed a number of additional precautionary and preventative measures, including extended use of tug escorts and pilots.
6.	Marine oil spill response capacity	Engagement participants wanted to know who was responsible for marine oil spill response and what response plans and equipment are in place in the event of a marine oil spill.	<ul style="list-style-type: none"> • Western Canada Marine Response Corporation (WCMRC) is the Response Organization for the West Coast of Canada. • The regulation of marine oil spill response is contained in the Canada Shipping Act, 2001 and administered by Transport Canada. The Act defines the requirement for oil spill Response Organizations to be certified by the Minister, the requirement for all large vessels and oil handling facilities to have an arrangement with a certified Response Organization as a condition of operating in Canadian waters, and establishes planning standards that define minimum levels of capacity to be maintained by the Response Organization. • Current planning standards require a minimum capacity to respond to oil spills of up to 10,000 tonnes, or about 70,000 barrels, in specified time frames which in some cases allow up to 72 hours plus travel time to deliver response equipment. WCMRC currently maintains capacity significantly in excess of the minimum planning standard requirements.

	Theme	Description	Trans Mountain Response
7.	Marine oil spill cleanup	Engagement participants questioned the ability of Trans Mountain and its partners to effectively or sufficiently clean up a marine oil spill.	<ul style="list-style-type: none"> WCMRC examined its current equipment locations and capacity, and the mandated response times and have concluded that certain improvements could be undertaken to improve the effectiveness of its current emergency preparedness and response capacity. Proposed improvements include doubling of the current mandated spill response capacity to up to 20,000 metric tonnes, new response bases and reduced maximum response times to six hours at all locations along the tanker shipping route within the Salish Sea. WCMRC does not determine cleanup endpoints. As applied to a marine oil spill incident, Net Environmental Benefit Analysis (NEBA) is the guideline that weighs many factors against the cleanup endpoints established by the Unified Command (UC) under the enforcement oversight of the Canadian Coast Guard. The UC, through the NEBA process determines when a marine oil spill has been sufficiently cleaned up and the response activities can cease.
8.	Marine oil spill liability and compensation	Engagement participants questioned the sufficiency of insurance coverage in the event of a marine oil spill.	<ul style="list-style-type: none"> Liability for a marine oil spill is defined under Canadian law within the Marine Liability Act. It is based upon the principle of "polluter pays." If oil were released from a vessel, the vessel owner would be the Responsible Party. In addition to the ship owner's insurance, there are a variety of funding sources available to cover the costs of cleaning up such a spill. Today, liability for compensation in the event of an at sea spill is capped at \$1.36 billion. It is possible that costs of emergency response, clean-up and compensation associated with a marine oil spill from a Project tanker will exceed \$1.3 billion but risk analyses would not support credible assumptions that generate such high costs. The Government of Canada has recently announced changes to the liability and compensation regime such that in the event of a spill, there would be unlimited compensation based on a polluter pay principle. In the event that all available sources of funds have been exhausted by spill-related claims, the Government of Canada will compensate eligible claimants and then recover those costs from the marine oil transport industry through a levy.

The City's Evidence Submission

On September 11, 2014, Council "directed staff to work with interested individuals and stakeholder groups to compile and submit evidence for the National Energy Board public hearing on the Trans Mountain Pipeline Expansion Project regarding the potential environmental and socio-economic impacts to the City, its residents and businesses from a marine oil spill."

Evidence is the information that the NEB will consider in its review of the proposed expansion. Staff are in the process of compiling the City's written evidence, which will be submitted by May 27, 2015. The City's evidence submission will focus on describing:

- the opinions and concerns expressed by engagement participants
- the specific economic, social and environmental values or assets that may be impacted in the event of a marine oil spill off the coast of Victoria (e.g. description of location and population of Victoria, value of the tourism economy to Victoria and the region, description of shoreline parks and habitats that may be affected by an oil spill, etc), and
- the City's current ability to respond to, or mitigate the effects of, an oil spill (e.g., current status of City and regional emergency plans, training, equipment, etc.).

While much of this information is available internally from City staff, stakeholders and survey respondents who indicated they had relevant information or expertise to share with the City have also been invited to provide relevant information. Greater weight is given during the hearing process to evidence that is within the direct personal knowledge of the intervenor filing the evidence. This is because intervenors are expected to be able to answer any questions regarding the evidence that they have filed. This means that information obtained directly from City staff, or people viewed as experts in relative disciplines, is preferable to information obtained from third party reports or websites.

Although Council has publicly expressed concerns regarding the public hearing process, the City has not formally expressed a position with regard to the proposed expansion. On July 26, 2012 Council passed a motion opposing the Northern Gateway Pipeline, which included a general opposition "to any expansion of bulk crude oil tanker traffic as well as bitumen export through British Columbia's coastal waters, including in Dixon Entrance, Hecate Strait, and Queen Charlotte Sound." The full text of that motion and all other past Council motions regarding the proposed expansion are provided in Appendix D.

The City's evidence submission will be a collection of facts and information that supports the City's views or beliefs on the proposed expansion. Formal direction from Council regarding its position is necessary at this time in order for staff to effectively prepare the City's evidence submission and ensure that the submission supports the City's final argument. Three options for Council consideration are presented below. An expression of Council opposition to the proposed expansion would be most consistent with the views of the majority of engagement participants and supported by the information provided by Trans Mountain, which shows an increased risk of an oil spill in the waters off of Victoria, but few direct benefits to Victoria or the CRD.

Options & Impacts

Option 1 – Council wishes to express its opposition to the proposed expansion

Close to 90% of engagement participants were opposed to the proposed expansion, with many expressing concerns that the risks associated with the proposed expansion significantly outweighed any benefits. Trans Mountain outlined few specific benefits to Victoria or the CRD from the proposed expansion, although a Coastal Community Benefit program is under consideration. If Council wants to reflect the views of the majority of engagement participants, Council may wish to express its opposition to the proposed expansion at this time.

If Council chooses this option, a suggested motion is "that Council express its opposition to the proposed Trans Mountain Pipeline Expansion Project."

Option 2 – Council wishes to express no position on the proposed expansion at this time

Council may opt not to express a formal position with regard to the proposed expansion or may wish to engage in further discussions with Trans Mountain regarding the proposed Coastal Community Benefit program before deciding on a position. Should Council not wish to formally express any position on the proposed expansion at this time, staff can proceed with compiling and submitting the City's evidence submission, focusing on the concerns expressed by engagement participants. The lack of an expressed position does not impact the City's ability to file evidence or comment on draft conditions.

If Council chooses not to express any position on the proposed expansion, a suggested motion is "that Council instruct staff not to make a final argument, but to compile and submit evidence of local residents' concerns."

Option 3 – Council wishes to express its support for the proposed expansion at this time

Some intervenors have expressed support for the proposed expansion, including the Scia'new First Nation (Beecher Bay First Nation), which has entered into a Mutual Benefits Agreement with Trans Mountain and Kinder Morgan that sets out a number of ways that Nation may benefit from the project. However, Council's expression of support would not be consistent with the majority of public feedback obtained through the engagement process.

If Council chooses this option, a suggested motion is "that Council express its support for the proposed Trans Mountain Pipeline Expansion Project."

Next Steps

Staff will file the City's evidence submission by May 27, 2015. Trans Mountain, the NEB and other intervenors are then provided with an opportunity to question the City's evidence submission. Although details with regard to time and location have not yet been provided, intervenors who wish to do so will have an opportunity to present a final argument during oral hearings currently scheduled to occur in September 2015. It is likely that intervenors will also be able to make final argument via written submission.

The City has a number of options with respect to its participation in the final argument phase of the NEB hearing. The City's evidence submission will focus largely on the views and concerns of residents. While these are valid local issues, it is expected that any argument the City can make based on this evidence may carry less weight in the public hearing, since the NEB will rely predominantly on evidence provided by experts in relevant disciplines.

The City is not required to submit any final argument with regard to the proposed expansion; however, participation in final argument will ensure that residents' views are given full consideration by the NEB. If Council wants the City to participate in final argument, internal resources are available within Legislative and Regulatory Services and the City's Solicitor's office to prepare a written argument that focuses exclusively on the concerns expressed by members of the public. Participation in oral final argument would require additional resources, which could be provided internally, but would result in displacement of other work.

Using external resources to present oral final argument would cost approximately \$20,000. Council may also wish to consider designating a member of Council to present the City's final oral argument. As no new evidence can be raised for the first time during the final oral argument, the designated member of Council would orally present the final argument created by staff and filed as the final

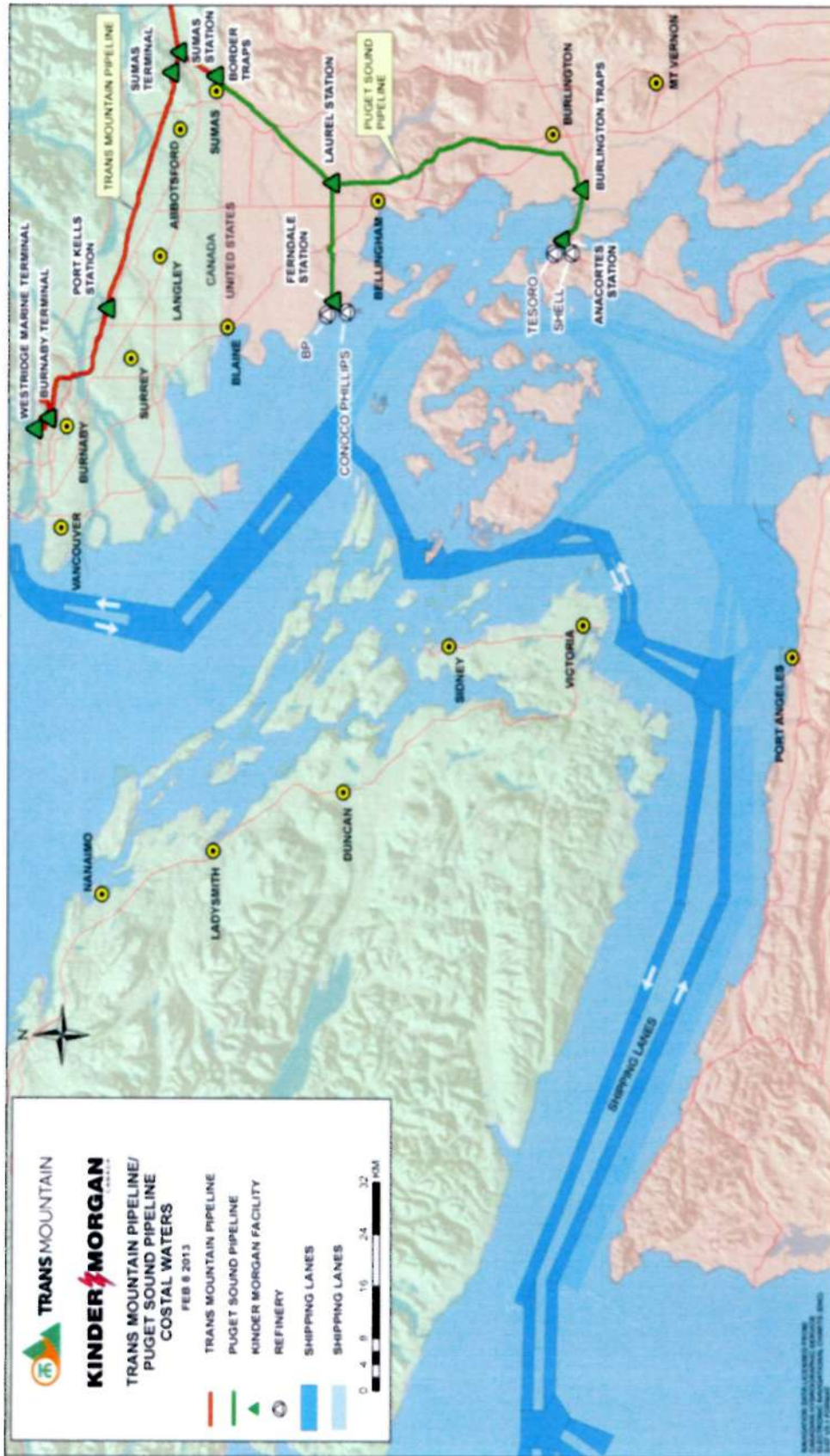
argument.

Recommendation

That Council:

1. Express Council's position with regard to the Trans Mountain Expansion Project to enable the submission of the City's evidence, and
2. Provide instructions to staff regarding the form of participation in the final argument portion of the hearing process.

Appendix A – Tanker Route



Appendix B – Trans Mountain Response to City’s Information Request
and
Appendix C – Response from President of Kinder Morgan to City’s Questions

Hyperlink to documents provided with electronic agenda.

Appendix D – Previous Council Motions

On **July 26, 2012**, Council endorsed the following motion:

WHEREAS, the Northern Gateway Project is designed to bring 525,000 barrels of toxic crude oil and 193,000 barrels of condensate a day to the Great Bear region, requiring upwards of 220 oil tankers each year;

AND WHEREAS, a crude oil spill will have devastating and long lasting effects on the unique ecosystems, which provide critical marine habitat and resources that sustain the social, cultural, environmental and economic health of coastal communities, including First Nations communities;

AND WHEREAS, the City of Victoria supports a thoughtful energy strategy that protects our natural heritage, respects deep Canadian values of fairness and inclusiveness, protects Canadian jobs, and safeguards the interests of all Canadians:

THEREFORE BE IT RESOLVED, that the City of Victoria express its opposition to the Northern Gateway Pipeline project;

BE IT FURTHER RESOLVED, that the City of Victoria be opposed to any expansion of bulk crude oil tanker traffic as well as bitumen export through British Columbia's coastal waters, including in Dixon Entrance, Hecate Strait, and Queen Charlotte Sound;

AND BE IT FURTHER RESOLVED, that the City of Victoria petition the federal government to establish a legislated ban on bulk crude oil tanker traffic and bitumen export through British Columbia's coastal waters, including Dixon Entrance, Hecate Strait, and Queen Charlotte Sound.

On **January 30, 2014**, Council authorized staff and the Mayor to apply to intervene in public hearings relating to the Trans Mountain Pipeline Expansion Project, determining the most appropriate form of participation in consultation with the City of Vancouver and other municipalities, to ensure that municipal interests as well as the specific interests of City of Victoria residents and property owners are represented in the hearing process.

On **August 28, 2014**, Council approved submitting the following emergency resolution to the UBCM:

ENVIRONMENTAL ASSESSMENT OF TRANS MOUNTAIN EXPANSION PROJECT

WHEREAS the Environmental Assessment Office of the Province of British Columbia ("the EAO") entered into an Agreement in 2010 with the National Energy Board ("NEB") under which the EAO accepts that the NEB assessment of a pipeline constitutes the equivalent of an assessment under the British Columbia *Environmental Assessment Act*;

AND WHEREAS Trans Mountain's responses to motions filed in early July 2014 by intervenors in the NEB hearing process for the Trans Mountain Expansion Project demonstrate that Trans Mountain is failing to adequately respond to written information requests, which are the only opportunity for intervenors to test and clarify Trans Mountain's evidence;

AND WHEREAS this failure to respond to written information requests means that intervenors are not able to properly prepare their own evidence and participate meaningfully in the assessment process for the Trans Mountain Expansion Project, in contravention of the preamble to the Agreement, which states that any assessment of a project pursuant to the *National Energy Board Act* would take into account any comments submitted during the assessment process by the public and Aboriginal peoples;

THEREFORE BE IT RESOLVED that the Union of British Columbia Municipalities request that the Province direct the EAO to withdraw formally from the Agreement pursuant to Clause 6 thereof and undertake its own Environmental Assessment process for the Trans Mountain Expansion Project, which should include sufficient opportunity for meaningful participation by all interested British Columbians.

On **September 11, 2014**, Council made the following motions:

1. That Council direct staff to work with interested individuals and stakeholder groups to compile and submit evidence for the National Energy Board public hearing on the Trans Mountain Pipeline Expansion Project regarding the potential environmental and socio-economic impacts to the City, its residents and businesses from a marine oil spill.
2. That the City of Victoria host a public meeting on October 2 to identify the particular impacts or issues that members of the public feel are important, and to provide an opportunity for people to submit their questions to the City of Victoria through the City's social media and the City's website, about the Trans Mountain Expansion Project.
3. That the City of Victoria collect written questions from members of the public about the Trans Mountain Expansion Project to identify the particular impacts or issues and use that to help shape the City's presentation as an intervenor.

On **December 18, 2014**, Council made the following motion:

That Council:

1. Receive for consideration the Trans Mountain Expansion Project Engagement Summary Report provided with the report dated December 8, 2014.
2. Direct staff to submit the information request to Trans Mountain attached as Appendix B to the report dated December 8, 2014
3. Direct staff to send a letter to Trans Mountain asking for answers to additional questions raised during public engagement activities and attached as Appendix C to the report dated December 8, 2014.

**Trans Mountain Pipeline ULC
Trans Mountain Expansion Project
NEB Hearing Order OH-001-2014
Responses to Information Request from
City of Victoria**

2.1 Project Need/Public Interest**References:**

- i. Volume 2 - Project Overview, Economics and General Information (Section 3.1.2 – Page 2-37)
- ii. City of Victoria Kinder Morgan Trans Mountain Pipeline Expansion Proposal Engagement Summary Report (attached)

Preamble:

In reference (i), Trans Mountain states that:

- the marketplace has clearly demonstrated the need for the Project, and
- the Project is required from a broader public interest perspective to ensure that producers and governments obtain the highest value for their petroleum resources.

Canadians are the ultimate owners of petroleum resources as represented through their provincial governments. Reference (ii) includes the results of public engagement activities conducted by the City of Victoria to solicit input on the project from interested members of the public. A number of respondents questioned the need for the Project and how the Project is consistent with the public interest, based on:

- concerns regarding climate change and a required shift to alternative energy sources, and
- concerns regarding the export of Canada's natural resources.

In light of these concerns, it is important to know the factors that were considered by Trans Mountain in coming to its conclusions that the Project is needed and in the public interest.

Request:

- a) In coming to the conclusion that there is a need for the Project, did Trans Mountain give consideration to any factors other than the demand for transportation services and market for petroleum resources? If yes, please describe those factors.
- b) In coming to the conclusion that the Project is required from a broader public interest perspective, did Trans Mountain give consideration to any factors other than ensuring the highest value is obtained for petroleum resources? If yes, please describe those factors.

Response:

- a) Trans Mountain believes the Project is required from a broader public interest perspective, which includes other factors besides the market requirements. The term “public interest” is defined in the NEB’s strategic plan as follows: “The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social considerations that changes as society’s values and preferences evolve over time.”

The public interest includes many factors, including: a requirement to build and operate the project in a manner that respects the integrity of the environment, the safety of the public and of employees, and the rights of landowners affected by the project; socio-economic factors such as the overall jobs created and Trans Mountain’s contributions to the communities in which it operates; respecting treaty rights of First Nations; and, the overall economic and fiscal benefits to the Canadian, provincial and local economy economies. Trans Mountain believes the Project should be found to be in the public interest when viewed from an overall perspective that includes these factors, and that the application provides compelling evidence to support this opinion.

Public interest considerations were also addressed in the responses to Allan R IR No. 1.01.1a, 1.01.1h and 1.01.1x (Filing ID [A3X5V9](#)).

- b) Please refer to the response to City of Victoria IR No. 2.1a.

2.2 Project Benefits

References:

- i. Volume 2 - Project Overview, Economics and General Information (Page 2-41)
- ii. City of Victoria Kinder Morgan Trans Mountain Pipeline Expansion Proposal Engagement Summary Report (attached)

Preamble:

In reference (i), Trans Mountain states that:

- the construction and operation of the Project will provide substantial economic and fiscal benefits to Canada and its regions. There will be significant benefits to the parties directly involved, to all Western Canadian oil producers, and to all Canadians and their governments, and
- in addition to the tax benefits created at the federal and provincial levels, the Project will also yield benefits to communities along the right-of-way through employment and economic activity, and generating additional property taxes for the life of the pipeline.

Reference (ii) includes the results of engagement activities conducted by the City of Victoria to solicit input on the Project from the public. A number of engagement participants questioned the benefits of the Project to Victoria, the region and the province. Others asked whether Trans Mountain was willing to make additional investments that will be of benefit to the Victoria community in recognition of the risk posed by the increase in tanker traffic.

Request:

- a) Please provide information regarding the specific benefits that businesses and residents of the City of Victoria and the Capital Regional District could expect from construction and operation of the Project.
- b) Is Trans Mountain planning any initiatives in the City of Victoria or the Capital Regional District that will confer any additional community benefits?

Response:

- a) The economic and fiscal benefits study by the Conference Board of Canada commissioned by Trans Mountain on the Project did not specifically consider the City of Victoria or the Capital Regional District (CRD). However, among pipeline communities, it did consider broadly economic impacts that would be experienced across the province, including the Capital Regional District. As a region that contributes to and is a part of the overall provincial economy, it is reasonable to expect there are benefits resulting from increased provincial revenues and economic activity that are brought about by the TMEP. TMEP has estimated economic benefits to the Province of British Columbia of:

- The development (construction) period is forecasted to boost Canadian Gross Domestic Product (GDP) by approximately \$4.9 billion (in constant 2012 dollars), with \$2.8 billion accruing to BC.
- There will be a total of 58,000 person-years of employment generated across Canada during development, with approximately 36,000 in BC.
- There will be \$646 million in federal taxes generated during the project development phase and an additional \$568 million of provincial taxes, with \$309 million received by BC and \$168 million by Alberta.
- There will be an overall boost to employment of 50,000 to 65,000 person-years during the first 20 years of operations, with 60 per cent of the jobs being created in BC.
- The operations phase will boost Canadian GDP by at least \$13.3 billion over the first 20 years. BC will see the largest impact with a boost of about \$8.5 billion.
- The Project will generate about \$1.4 billion in additional tax revenues for the federal government during the operations phase and an additional \$1.1 billion in provincial taxes, with BC receiving about \$727.

It can be expected that within the CRD, there will vendors and jobs seekers who will be looking for procurement or employment opportunities during the construction of the Project.

Engagement to date on Vancouver Island has shown interest by resident skilled trades and vendors, and interest in being made aware of potential procurement opportunities during construction. Additionally, there will be similar groups or individuals who will be looking to be involved in any associated upstream development resulting from the increased pipeline capacity to new markets. It is understood from shippers and producers that there are a significant number of individuals who are employed by oil sand operators who are residents and community members of coastal communities in BC, including Victoria.

As a result of recommendations for increased spill response capacity made by Trans Mountain in Volume 8A (Filing ID [A56025](#)), there will be an investment by the Western Canadian Marine Response Corporation (WCMRC) in the Capital Regional District towards new employment and infrastructure. This investment is funded significantly from increased marine volume shipments at the Westridge Marine Terminal through the Trans Mountain Pipeline. Current forecasts of the total investment toward enhanced spill response capacity in the Salish Sea by WCMRC is up to \$100 million in initial capital spending and 100 on-going full-time equivalent positions.

Also refer to Section 3.4.1 of Volume 2 (Filing ID [A55987](#)) and Section 5.5.2 of Volume 8A (Filing ID [A56025](#)).

- b) Trans Mountain is considering a Coastal Community Benefit program that will require further consultation with local governments. Initial design of the program is considering the purchase of additional spill response equipment for select coastal communities, in coordination with Western Canadian Marine Response Corporation (WCMRC), which will be above and beyond federally mandated spill response capacity, WCMRC response planning standards, or the proposed enhanced spill response capacity by Trans Mountain in Volume 8A (Filing IDs [A3S4X3](#) and [A3S4X4](#)). The proposed program requires further consultation with WCMRC and coastal communities prior to any initiative undertaking.

Refer to Section 5.2.2 of Volume 8A (Filing ID [A3S4Y3](#))

Summary of New Commitments:

- Consult with coastal communities on a community benefits program focussed on marine spill response.

2.3 Impacts of Increased Tanker Traffic on Whales

References:

- i. City of Victoria Kinder Morgan Trans Mountain Pipeline Expansion Proposal Engagement Summary Report (attached)
- ii. Volume 8A - Marine Transportation (Section 4.3.7, Page 8A-296 to 8A-332)
- iii. Volume 8A - Marine Transportation (Section 4.4.5, Page 8A-470 to 8A-481)
- iv. Volume 8A - Marine Transportation (Section 1.4.2.11, Page 8A-52 to 8A-54)
- v. Volume 8A - Marine Transportation (Section 5.3.2.1 -page 8A-530 and Figures 5.3.1 and 5.3.2)

Preamble:

Reference (i) includes the results of engagement activities conducted by the City of Victoria to solicit input on the Project from the public. A number of engagement participants were concerned about the impact of the Project on whale populations.

In references (ii) and (iii), Trans Mountain states that the residual and cumulative effects of increased project-related marine vessel traffic on Southern Resident Killer Whales are significant because of sensory disturbance due to underwater noise. However, Trans Mountain proposes no direct mitigation for these effects because project-related marine vessels are owned and operated by third parties.

In reference (iv), Trans Mountain states that it maintains a Tanker Acceptance Standard, which governs the acceptance or rejection of all tankers calling at the Westridge Marine Terminal. It would appear that Trans Mountain has the ability under this Standard to incorporate either a requirement that tankers meet a minimum acoustic standard or have in place noise-quieting techniques that could mitigate the impact of tanker traffic on whale populations.

Request:

- a) Is Trans Mountain aware of any noise-quieting techniques or adaptations that could reduce underwater noise from project-related marine traffic and the resulting sensory disturbance to Southern Resident Killer Whale populations?
- b) Could Trans Mountain require that tankers calling at the Westridge Marine Terminal have underwater noise-quieting techniques or adaptations in place as part of its Tanker Acceptance Standard?
- c) Could Trans Mountain require that tankers calling at the Westridge Marine Terminal meet a minimum acoustic standard as part of its Tanker Acceptance Standard?
- d) Could Trans Mountain require that project-related tugs have noise-quieting techniques or adaptations in place?

- e) Could Trans Mountain require that project-related tugs meet a minimum acoustic standard?

Response:

- a) Technical design and operating practice guidelines that could reduce underwater noise have recently been described by the International Maritime Organization (IMO 2014). The guidance indicates that propeller and hull design may be improved and adapted to reduce underwater noise. Consideration should also be given to onboard machinery selection. The IMO acknowledges that the largest opportunities for reducing underwater noise will be during the initial design of the ship. For existing ships, it is unlikely to be practical to meet the underwater noise performance that is achievable by new designs. Certain technologies are known to contribute to noise reduction for existing ships but these entail considerable retro-fitting.

Although the primary mechanism for reducing underwater noise is through design and production of quieter ships, operational modifications and maintenance measures could also be of benefit. These include maintenance of the underwater components of the vessel (e.g., ensuring the propeller is free of nicks) as well as operational considerations, such as speed. In general, for ships equipped with fixed pitch propellers, reducing ship speed can be a very effective operational measure for reducing underwater noise.

Reference:

International Maritime Organization. 2014. Guidelines for the Reduction of Underwater Noise from Commercial Shipping to Address Adverse Impacts on Marine Life. IMO MEPC.1/Circ.833.

- b) While Trans Mountain's vessel acceptance process provides a means to screen vessels for suitability there are currently no accepted standards for underwater noise quieting techniques or adaptations that could be implemented as the basis of a screening criteria. Similarly, due to the absence of standardized criteria there are no published performance rankings for vessels against which to screen for their acceptance. As such it is not practical for Trans Mountain to implement acoustic criteria for tankers or tugs in its vessel acceptance process at this time.

Sensory disturbance caused by underwater noise from vessel traffic, including tankers and tugs, is a concern for the maritime industry as a whole.

Port Metro Vancouver (PMV) is engaged in working collaboratively with regulators and industry to develop future guidelines or standards for reducing underwater noise from commercial vessels in local waters. Once such guidelines are available, Trans Mountain shall require Project tankers to adopt those as best practice as part of its Tanker Acceptance Standards.

PMV has established the Enhancing Cetacean Habitat and Observation (ECHO) Program in collaboration with government agencies, First Nations, marine industry users, non-government organizations and scientific experts, to better understand and manage the potential impacts to cetaceans from commercial vessel activities in BC

coastal waters. In addition, PMV participates in Green Marine, a voluntary environmental program for the maritime industry to reduce its environmental footprint. Trans Mountain is participating in both initiatives and continues to raise awareness of such initiatives with its shippers and carriers, with the aim to promote the selection and nomination of modern and efficient vessels operated to current best practices and meeting all local and international regulations.

- c) Refer to the response to b) above. At present there are no published acoustic standards.
- d) Tugs utilised by tankers calling at the Westridge Marine Terminal currently and in future will not be dedicated to the Project. Trans Mountain is not aware of any published standards for hull and propulsion generated noise for tugs. As such, Trans Mountain does not believe that the Tanker Acceptance Standard is the best means to regulate the local tug industry. Trans Mountain is supportive of industry initiatives such as PMV's ECHO Program and Green Marine and expects that tug operators serving PMV will adopt the outcome of such initiatives.

Also refer to the response to b) above.

- e) Refer to the responses to b) and d) above. Tug designers and operators recognise that noise is lost energy and normally strive to achieve a quiet tug in order to ensure higher efficiencies. It should be noted that full power is seldom necessary during normal harbour assistance and escort, and the tug operates at full power only for extremely small intervals of time during trials and drills.

2.4 Marine Accident and Oil Spill Risk and Mitigation

2.4.1 Pilotage Requirements

Reference:

Volume 8A - Marine Transportation (Section 1.4.2.3- page 8A-46 and BA-47)

Preamble:

Trans Mountain indicates that laden tankers leaving the Westridge Marine Terminal are required to have two pilots to guide navigation on the return trip to the Pacific Ocean. The two pilots disembark from the tanker at the Victoria pilot station at Brotchie Ledge.

Request:

Could marine collision and oil spill risk be further mitigated by moving the pilot disembarkation point, from south of Victoria, to a zone west of Race Rocks, stationed from Sooke, for laden oil tankers?

Response:

Yes. Trans Mountain's TERMPOL submission proposed moving the pilot disembarkation point to a location west of Race Rocks (Filing ID [A3S4T7](https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/open/2393619), <https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/open/2393619>). The recently issued TERMPOL Report has accepted that proposal and the TERMPOL Review Committee supports extending the pilot disembarkation zone and tethered tug escort requirements for Project tankers to an area in the vicinity of Race Rocks, weather permitting and subject to the requirements of a future Pacific Pilotage Authority "Notice to Industry".

2.4.2 Tug escorts

References:

- i. Volume 8A- Marine Transportation (Section 5.3.2.1 -page BA-530 and Figures 5.3.1 and 5.3.2)
- ii. Volume 8A - Marine Transportation (Section 5.3.1 - page BA-527)
- iii. TR 8C-12 TERMPOL S.3 "An Evaluation of Local Escort and Rescue Tug Capabilities in Juan de Fuca Strait"

Preamble:

In reference (i), Trans Mountain describes and illustrates the existing tug escort requirements for laden tankers, which include a tethered tug to Brotchie Ledge and an untethered tug escort to Race Rocks. Trans Mountain proposes an expansion of the untethered tug escort route through the Juan de Fuca Strait to the Pacific Ocean.

In reference (ii), Trans Mountain states that a tethered tug is physically attached to the tanker and can exert enough force to prevent the oil tanker from grounding in the event of a mechanical failure of the oil tanker's equipment. Untethered escort tugs navigate with the outbound tanker but are not physically attached to it. In the event the oil tanker experiences a mechanical failure, an untethered escort tug can connect a line and exert enough force to prevent the tanker from grounding but the response time is greater.

In reference (i), Trans Mountain indicates that tug operators based in Vancouver have indicated that escort tugs with sufficient capability to control a laden oil tanker under conditions prevailing in the study area are now and will continue to be available for this service. The evaluation cited in reference (iii) recommends minimum criteria for escort tugs and concludes that there are only six BC-based tugs which have a clearly definable escort capability. These six tugs are already part of the existing escort tug regime, escorting laden tankers from Westridge Terminal to Race Rocks. These conclusions raise concerns about the availability of suitable tug escort vessels to support both the proposed increase in tanker traffic and the proposed increase in tug escort requirements.

Request:

- a) Would the risk of a marine oil spill be further mitigated by extending the tethered tug route either to Race Rocks or all the way through Juan de Fuca Strait to the Pacific Ocean?
- b) Please indicate whether the escort tugs that will be used to escort tankers as proposed in Trans Mountain's application will meet the minimum criteria recommended in reference (iii).
- c) Please provide further information regarding any steps that Trans Mountain is taking, or plans to take, to ensure that adequate tug resources are available to meet the proposed tug escort requirements.

Response:

- a) Trans Mountain's TERMPOL submission proposed moving the pilot disembarkation point to a location west of Race Rocks (Filing ID [A34T7](#)). The recently issued TERMPOL Report has accepted that proposal and the TERMPOL Review Committee supports extending the pilot disembarkation zone and tethered tug escort requirements for Project tankers to an area in the vicinity of Race Rocks, weather permitting and subject to the requirements of a future Pacific Pilotage Authority "Notice to Industry".
- b) Yes. Refer to the responses to NEB IR No. 1.59a (Filing ID [A3W9J8](#)) and NEB IR No. 1.59b (Filing ID [A3W9K0](#)) for more details.
- c) Trans Mountain has been provided written assurance by local tug operators that adequate tug resources are available to meet the proposed escort requirements (Filing ID [A3W9J9](#)). Refer to the responses to NEB IR No. 1.59a (Filing ID [A3W9J8](#)) and NEB IR No. 1.59b (Filing ID [A3W9K0](#)) for details regarding the provision of escort tugs by local operators and Trans Mountain's commitment to develop a tug matrix to ensure the adequacy of these escort tugs.

2.4.3 Moving Safety Zone

Reference:

Volume 8A - Marine Transportation (Section 5.3.2.2- page 8A-532 and 8A-533)

Preamble

Trans Mountain proposes that a Moving Safety Zone be established around all laden oil tankers to substantially reduce the probability of a vessel collision but provides few details regarding how a Moving Safety Zone would be implemented and monitored. In addition to vessel traffic, Victoria also has a significant amount of air traffic entering and exiting the Victoria Harbour Airport.

Request:

- a) Please provide more information regarding how the proposed Moving Safety Zone would be implemented and enforced.
- b) Would the Moving Safety Zone also apply to aircraft or are there other restrictions already in place limiting how close an aircraft can come to a project-related tanker?

Response:

- a) The TERMPOL Review Committee (TRC) did not endorse the proposed Moving Safety Zone (MSZ), but instead, in its report, the TRC endorsed the following enhanced risk control recommendations for in-transit laden tankers (Filing ID [A4F8Z4](#)):
 - Extended use of tethered and untethered tug escort; as shown in figures 1 and 2 below. (Recommendations 8, 9, 10 and Finding 17);
 - Extension of the pilot disembarkation zone (Finding 18);
 - Guidance on communication between masters and watch keeping personnel to support strong communication between tankers and their escort tugs; (Findings 21);
 - Clear guidance to industry on enhancements to the marine safety regime that will impact their operations; (Findings 19, 20, 21, 22); and
 - An engagement and awareness strategy to promote safe navigation and interaction between Project tankers and recreational boaters, fishing vessel operators, and operators of small vessels (Finding 20).

While the MSZ was proposed as a new regulation requiring additional separation of Project tankers from other vessels, realization of its benefits would have largely depended upon activities which can typically be achieved without new regulation for additional separation. In fact, such activities have been endorsed by the TRC in their recommendations and findings and supported by Trans Mountain (refer to the response to NEB IR TERMPOL Report and Outstanding Filings No. Aa, Filing ID [A4G3U5](#)). Such activities are:

- Sécurité broadcasts at regular intervals by the laden tanker;

- Expanding application of the Automated Information System to smaller vessels;
- Encourage the use of radar reflectors by smaller vessels;
- Public education on application of ColRegs and marine safety to be led by the Pacific Pilotage Authority; and
- Notice to Industry on use and positioning of tugs in relation to the tanker in transit to aid in highlighting it and thereby enhancing situational awareness of all mariners.

The above activities are in addition to existing regulations including the ColRegs, Pilotage, and Vessel Traffic Services and will support enhanced situational awareness.

Also refer to the response to NEB IR TERMPOL Report and Outstanding Filings (Filing ID [A4G3U5](#)).

Reference:

TERMPOL Review Committee. 2014. TERMPOL Review Process Report on the Trans Mountain Expansion Project. Website: https://docs.neb-one.gc.ca/ll-eng/llisapi.dll/fetch/2000/90464/90552/548311/956726/2392873/2449925/2451487/2584386/C353-4-3_-_TMEP_TERMPOL_Report_December_11_2014_-_A4F8Z4.pdf?nodeid=2584073&vernum=-2. Accessed: January 2015.

- b) No. Refer to response a) above.

2.5 Marine Oil Spill Fate and Behaviour

Reference:

- i. Volume 8A - Marine Transportation (Section 5.2.4 - page BA-523 and Table 5.2.2)
- ii. Volume 8A - Marine Transportation (Section 5.4.4.7 - page 8A-565 to BA-596)
- iii. Volume 8A - Marine Transportation (Section 5.6.2.1.1 - page 8A-634)

Preamble:

In reference (i), Trans Mountain indicates that seven locations along the tanker route, including one designated as location "F" (Brotchie Pilot Boarding Area) were identified as possible accident locations. Four locations were chosen for spill modelling. Location F is the possible accident location closest to the City of Victoria; however, Trans Mountain states that this location was not selected for spill modeling because a possible collision with another vessel is a low probability event.

The concept of risk is often expressed as probability multiplied by consequence. As a waterfront community with a downtown centred around an economically-vital harbour, the consequence of a marine oil spill in the waters off Victoria could be significant. This means that even if the probability of an accident is "low" at Location F, the risk to the City of Victoria and the region from an accident at this location could be "high."

Reference (ii) includes a variety of stochastic simulation maps for a spill scenario at the four chosen locations. The maps show probability of oil presence from a spill at each location at 24 and 48 hours from the time of the spill, for each of the four seasons of the year. In reference (iii), Trans Mountain acknowledges that scenario-based hydrocarbon spill evaluations can provide decision makers and resource managers with a clearer understanding of potential effects pathways, the range of potential outcomes, vulnerable resources, and spill preparedness and response priorities and capabilities. Spill modelling from location F that shows when shoreline contact could be expected after a spill would provide critical information for local emergency planning purposes.

Request:

Please provide stochastic results for a representative marine oil spill at Location F.

Response:

As noted in the Preamble, stochastic modelling was conducted for Site E (Arachne Reef), to the northeast of Victoria, and Site G, (Race Rocks), to the west of Victoria. Spills at these two sites differ considerably in their behaviour. Arachne Reef is in close proximity to islands and so a spill near this location will quickly contact shorelines, whereas spills off Race Rocks have a wide expanse of open water in Juan de Fuca Strait over which they can spread. Thus, for the same time intervals, the length of shoreline affected is much greater for a spill near Arachne Reef than for a spill near Race Rocks. Assuming no mitigation, for example, a release at Race Rocks during the summer would affect an average 114 km of shoreline; whereas a spill at Arachne

Reef with no mitigation would result in about 309 km of shoreline affected. A spill off Victoria would be midway between these two types of spills in that it has quick access to shorelines on the Victoria side, but open water on the Juan de Fuca side.

The goal of the spill simulations that were conducted for the Project was to develop an understanding of the impacts of a spill along the shipping route. The current suite of oil spill modeling has already shown that left unmitigated any oil spill in any location could, over time, impact other locations including adjacent shorelines. Trans Mountain believes that undertaking additional oil spill modeling will not provide any significantly different information, and would not contribute to further understanding of oil spill movement.

Evaluation of the local variations between various sites is more appropriately dealt with in the spill response planning that is the responsibility of Western Canada Marine Response Corporation (WCMRC), as part of their mandate to continually improve the overall oil spill response in the area along the shipping route.

WCMRC, the only spill response organisation certified by Transport Canada for the BC coast, will develop site-specific response plans, including equipment warehouse and cache locations. As part of developing site-specific response plans, WCMRC will normally require simulations be conducted for spills off Victoria, and that these spill simulations will be used as tools to evaluate and optimize spill response strategies, resources and operations. This optimizing process was discussed for Arachne Reef and Westridge Terminal in Section 5.5, Volume 8A of the Application (Filing IDs [A3S4Y6](#) and [A3S5Q3](#)).

In light of the above discussion, Trans Mountain will not under take additional oil spill modelling at Location F.

2.6 Marine Oil Spill Response

2.6.1 Jurisdiction and Roles and Responsibilities for Oil Spill Response

Reference:

- i. Volume 8A- Marine Transportation (Section 1.4.2 - pages 8A-44 to 8A-54)
- ii. Volume 8A- Marine Transportation (Section 5.5.2 - page 8A-608, Table 5.5.3)

Preamble

In reference (i), Trans Mountain outlines the roles and responsibilities for navigational safety, emergency response and preparedness of various agencies, including:

- Transport Canada
- Fisheries and Oceans Canada - Canadian Coast Guard
- Pacific Pilotage Authority
- Port Metro Vancouver
- Western Canada Marine Response Corporation (WCMRC)
- Province of British Columbia
- Tanker Owners and Operators
- Pipeline Shippers, and
- Trans Mountain.

There is no section outlining the authorities or responsibilities of local governments that may be affected by a marine oil spill. City of Victoria staff with responsibility for emergency preparedness and response have indicated that there is a large gap in understanding among various stakeholders with regard to roles and responsibilities in the event of a marine oil spill.

On page 8A-50, Trans Mountain states that the province, through Ministry of Environment staff, plays a direct role with spills that threaten or impact shorelines and that WCMRC's spill response activities and planning are complementary to the BC Ministry of Environment's spill response planning. Further information would assist in clarifying the respective jurisdictional authorities and roles and responsibilities of the Ministry of Environment, WCMRC and local government emergency responders in the event of a marine oil spill that reaches the shoreline.

In reference (ii), Trans Mountain outlines proposed improvements to WCMRC's emergency response capacity and states that emergency response exercises are intended to validate response strategies and demonstrate capabilities of all those involved in a response, including government agencies and mutual aid providers. The current exercise plan does not appear to include all stakeholders, such as local governments.

Request:

- a) Please provide additional information regarding the jurisdictional authority and roles and responsibilities of local governments, the Province of BC and WCMRC for responding to a marine oil spill that reaches the shoreline.

- b) Who is responsible for wildlife response planning and is there a specific wildlife response plan that would be implemented in the event of a marine oil spill from a project-related tanker?
- c) Will representatives from affected local governments be included in any incident command centre established by a spill response team?
- d) Will representatives from the City of Victoria and other potentially-affected local governments be included in future response exercises, including orientation, training and exercise planning?

Response:

- a) Marine oil spills, including oil that reaches the shoreline, will be managed by Unified Command acting within the framework of the Incident Command System (ICS). ICS is a flexible system with four Sections operating in assigned roles under the Command staff. There can be many variations of an ICS structure to suit the needs of the response, however a typical organization will be composed of the following elements:
 - UNIFIED COMMAND (Federal, Provincial and Local Government; Responsible Party; Local Emergency Services, First Nations, others as required)
 - OPERATIONS SECTION
 - PLANNING SECTION
 - LOGISTICS SECTION
 - FINANCE SECTION

The British Columbia Ministry of Environment offers a detailed discussion of ICS on their website, which includes the following statement regarding the role and responsibilities of local government:

Local government has a responsibility to assess local risks, prepare emergency response plans, and to have a delivery capability commensurate with the types and level of hazard that exist in their community. When an emergency occurs, response normally begins with local government (e.g. local fire department) and a bottom up escalation takes place if resources are insufficient. Local governments may be represented within the Incident Management Structure if affected by a large, complex incident.

Trans Mountain expects that the role of local governments would be determined by the geographic extent of the incident in relation to their jurisdiction and be guided by their regulatory powers. For example local governments typically have authority to order and conduct evacuations and to close roads, redirect traffic, public transit and other transportation related infrastructure. KMC agrees with the interpretation of the federal, provincial and municipal legislation dealing with emergency programs.

Guided by objectives developed by the Unified Command, the Responsible Party (RP) in concert with the certified response organization, Western Canada Marine Response Corporation (WCMRC) will undertake shoreline cleanup activities. The basis for shoreline cleanup is the Shoreline Cleanup Assessment Technique (SCAT) that utilizes

teams of experts to go into the field to systematically categorize the shoreline and develop treatment recommendations. These treatment recommendations will take into account the soil matrix, biological factors and be unique to each particular area. In general, shoreline cleanup operations may include, but not be limited to: hand removal of stranded oil, low pressure/low temperature flushing, and natural attenuation. In all cases, a Net Environmental Benefit Analysis (NEBA) will take place to ensure the recommended treatment will yield the best result with the least disruption to the environment.

Reference:

Government of British Columbia, Ministry of Environment. No date. Spill and Environmental Emergencies. Website:
<http://www2.gov.bc.ca/gov/topic.page?id=0176F19C1F37444D8EA88CB6381D9FAD>.
Accessed: January 2015.

- b) Under the enforcement oversight of the Canadian Coast Guard, the polluter, or Responsible Party (RP), is ultimately responsible for all aspects of a marine oil spill, including wildlife. Project-related tankers calling at the Westridge Marine Terminal are required to have an agreement with Western Canada Marine Response Corporation (WCMRC), the Transport Canada certified spill response organization for the navigable waters of British Columbia. A summary of WCMRC's current and future roles, responsibilities and actions can be found in the Application, Volume 8A Section 5, Table 5.5.3 (Filing ID [A3S4Y6](#)). This table also lists proposed improvements to WCMRC capacity, including their ability to manage wildlife issues resulting from oil spill in future.

Experience has shown that through the Incident Command System (ICS), the RP will engage an established rehabilitation group, such as Focus Wildlife, to address emergency wildlife issues. Wildlife response activities are permitted and supervised by the resource trustee agencies. Within the Incident Command System, this group will adapt the general wildlife response guidelines of Federal agencies (Environment Canada/Canadian Wildlife Services and Fisheries and Oceans Canada), the Provincial Government (Ministry of the Environment), and WCMRC to the specific incident to ensure impact on marine birds and wildlife is managed in a responsible manner.

- c) As noted in the response to City of Victoria 2.6.1a) it is expected that local governments will participate within Unified Command acting within the framework of the Incident Command System (ICS).
- d) Marine oil spill response exercises in this region are coordinated by Western Canada Marine Response Corporation (WCMRC) in their role as the sole Transport Canada certified Response Organization. WCMRC uses the Incident Command System (ICS) to enable all parties to cohesively work together under a common management system. WCMRC conducts certification exercises on Geographic Area of Response basis. These exercises utilize a defined scenario that includes notification, spill assignments, and the activation of spill management personnel. Local municipalities are invited to participate as stakeholders, observers or within an ICS section. For example, WCMRC has invited

representatives to these exercises from the Canadian Coast Guard, Environment Canada, British Columbia Ministry of Environment, Transport Canada, First Nations, local governments, Royal Canadian Mounted Police officers, health services, including ambulance services, fire services, local emergency planners and customs/border services. These exercises follow a rotation of:

- 150 Tonne on-water deployment (annual),
- 1000 Tonne Tabletop (annual),
- 2500 Tonne on-water deployment (every 2 years),
- 10,000 Tonne Tabletop (every 3 years)

The City of Victoria is encouraged to contact WCMRC to discuss engagement opportunities.

2.6.2 Equipment Staging Areas

References:

Volume 8A - Marine Transportation (Section 5.5.2 - Page 8A-61 0 to BA-611 and Figure 5.5.2)

Preamble:

Trans Mountain indicates that the Western Canada Marine Response Corporation currently has an oil spill response equipment staging area in Esquimalt. Trans Mountain proposes a number of improvements to Western Canada Marine Response Corporation's current oil spill response capacity, including the establishment of new equipment staging locations along the tanker route. One of these proposed new equipment staging locations is in Sooke. It is unclear from Trans Mountain's application whether the existing staging area in Esquimalt would be eliminated with the proposed establishment of the Sooke staging area. If the Esquimalt staging area is to be eliminated, there is also no information provided as to the impact that decision would have on oil spill response times off the coast of Victoria.

Request:

- a) Please clarify whether the existing spill response equipment staging area in Esquimalt will be eliminated if the proposed new location in the Sooke area is established.
- b) Please indicate the response time for emergency crews to reach:
 - i. the existing Esquimalt oil spill response equipment staging area, and
 - ii. the proposed new Sooke staging area
- c) Please indicate the current distance from the existing Esquimalt oil spill response equipment staging area to hypothetical oil spill location F.
- d) Please indicate the estimated response time to an oil spill occurring in hypothetical oil spill location F from:
 - i. the existing Esquimalt oil spill response equipment staging area, and
 - ii. the proposed new Sooke staging area.

Response:

- a) Please note that a staging area is essentially an equipment cache while a response base is a more comprehensive facility. Meeting the enhanced response requirements for the Project will require the total number of bases for Vancouver Island and the South Coast to increase. The equipment plan calls for five new bases in addition to the existing WCMRC facility at Burnaby. WCMRC indicates two to three of the six bases will be staffed 24 hours a day. Location specific reviews are currently being undertaken to assess the opportunities offered at each proposed base area. WCMRC is a temporary tenant at DND/Esquimalt and no decision has, as yet, been made regarding the long-term plans for the Esquimalt staging area.
- b) It is not possible to indicate precisely the time emergency crews will take to mobilize at either location. Proposed continuous 24/7 staffing at certain bases will impact overall

mobilization times and will help WCMRC meet its voluntary commitment to an initial spill response time within 6-hours throughout the tanker shipping route. The initial response time nominally comprises mobilization, travel and deployment.

- c) The distance from the DND/Esquimalt facility to Area-F is 5.1 nautical miles.
- d) Refer to response b) above.

2.7 Marine Oil Spill Cleanup

Reference:

- i. Volume 8A - Marine Transportation (Section 5.6.2.5.1 - page SA-692 to SA-693)
- ii. City of Victoria Kinder Morgan Trans Mountain Pipeline Expansion Proposal Engagement Summary Report (attached)

Preamble:

In reference (i), Trans Mountain summarizes the potential ecological effects and recovery of shoreline habitat in a hypothetical spill scenario and states that shoreline clean-up and assessment techniques (SCAT) would be applied to spilled oil that reached the shore, and that most of this oil would be recovered.

Reference (ii) includes the results of engagement activities conducted by the City of Victoria to solicit input on the project from the public. A number of engagement participants questioned whether an oil spill can ever be effectively cleaned up.

Request:

Is there a guideline or standard used by WCMRC in determining when a marine oil spill has been sufficiently cleaned up and their response activities can cease (e.g., a certain percentage of oil recovered)? If yes, please provide the guideline or standard.

Response:

WCMRC does not determine cleanup endpoints. As applied to a marine oil spill incident, Net Environmental Benefit Analysis (NEBA) is the guideline that weighs many factors against the cleanup endpoints established by the Unified Command (UC) under the enforcement oversight of the Canadian Coast Guard. This analysis will consider the specific treatment options appropriate to the response; the potential for successfully implementing those discrete options; the environmental trade-off attached to each technique; and, lastly, the types of treatments that can be authorized within the existing regulatory framework. The UC, through the NEBA process determines when a marine oil spill has been sufficiently cleaned up and the response activities can cease.

Although each oil spill is unique, NEBA will conceptually develop a decision flowchart to answer the questions of:

- What will be the probable outcome if no countermeasures are deployed?
- What will be the probable outcome if only conventional mechanical countermeasures are deployed?
- On a priority basis, what are the resources (environmental, social and economic) at risk if applied countermeasures prove to be inadequate?

- Can alternative countermeasures be executed successfully to augment conventional techniques?
- How long should any treatment technique continue?
- Are certain areas within the response candidates for or amenable to natural attenuation?
- Should some oil be left for remedial treatment?
- What is the regulatory process for permitting a remedial treatment?

2.8 Marine Oil Spill Liability and Compensation

Reference:

- i. Volume SA- Marine Transportation (Section 1.4.1.6 - pages 8A-40 - 8A-41)
- ii. City of Victoria Kinder Morgan Trans Mountain Pipeline Expansion Proposal Engagement Summary Report (attached)
- iii. Exxon Valdez Oil Spill Trustee Council, "Oil Spill Facts Questions and Answers", found online at <http://www.evostc.state.ak.us/index.efm?FA=facts.QA>

Preamble:

In reference (i), Trans Mountain outlines the framework for handling marine liability and compensation in Canada under the *Marine Liability Act*. Trans Mountain states that in the event of an oil spill in a marine environment, funding of up to \$1.3 billion is available in a tiered system to address the costs of emergency response, clean-up and compensation in the event of an oil spill from a tanker.

Reference (ii) includes the results of engagement activities conducted by the City of Victoria to solicit input on the project from the public. A number of engagement participants questioned the current liability and compensation scheme and whether it would be sufficient to cover all costs associated with a marine oil spill.

In reference (iii), the Exxon Valdez Oil Spill Trustee Council indicates that Exxon says it spent about \$2.1 billion on the cleanup effort from the Exxon Valdez oil spill. The cost of clean up associated with the Exxon Valdez oil spill raises concerns regarding the sufficiency of the current liability and compensation regime in the event of a significant oil spill resulting from the Project.

Request:

- a) Is it possible that costs of emergency response, clean-up and compensation associated with a marine oil spill from a Project tanker will exceed \$1.3 billion?
- b) If the answer to question a) is yes, who would be responsible for paying for these excess costs?

Response:

- a) Yes it is possible but risk analyses would not support credible assumptions that generate such high costs. There have been no large marine oil pollution incidents in Canada and changes to tanker design, construction and operating standards have further reduced the probability of such an event from occurring. That has been further corroborated through a quantitative risk assessment undertaken by DNV (Vol 8C, Termpol 3.15 Filing ID [A3S5F4](#)). Spill costs are unknowable in advance and would depend on a number of factors associated with a spill. This makes it difficult to evaluate with precision the response, clean-up and compensation costs of an oil tanker spill. Each spill

is different and there are limitations in available baseline data, long-term forecasting methods, and estimation of factors that influence compensation.

- b) Should the costs exceed the amounts available as outlined in reference (i), the Government of Canada has recently announced its intent to modify the liability and compensation regime such that in the event of a spill, there would be unlimited compensation based on a polluter pay principle. In the event that all available sources of funds have been exhausted by spill-related claims, the Government of Canada would compensate eligible claimants and then recover those costs from the marine oil transport industry through a levy.

Refer to the response to Allan R IR No. 1.21j (Filing ID [A3X5V9](#)).



Trans Mountain Expansion Project

✉ Email: info@transmountain.com | ☎ Phone: 1.866.514.6700 | 🌐 Website: www.transmountain.com | 📱 @TransMtn

January 19, 2015

Mr. Robert Woodland,
Corporate Administrator,
City of Victoria
#1 Centennial Square
Victoria BC V8W 1P6

Dear Mr. Woodland,

Thank you for your letter of December 23, 2014 in which you provided me with a copy of questions that you received as part of a community engagement process held by the City of Victoria on our proposed Trans Mountain Expansion Project (Project).

I appreciate that the City has sought the feedback of its citizenry to help inform the City's involvement in the National Energy Board (NEB) process. I have provided general responses to your questions based in the headings you have provided in your letter.

Project Need

The primary purpose of the Project is to provide additional transportation capacity for crude oil from Alberta to markets in the Pacific Rim including BC, Washington State, California, and Asia. The provision of enhanced access to growing Pacific Rim markets will provide a critical alternative market for Canadian crude oil producers.

The current demand for pipeline transportation service exceeds the Trans Mountain Pipeline system capacity and has resulted in the ongoing need to apportion available capacity. This has also affected the quality of service we provide, as shippers have experienced increasing uncertainty that they will have adequate access to desired capacity on a month-to-month basis. More generally, the Project is required to provide needed flexibility for Western Canadian producers. Oil markets are continually subject to changing market conditions, refinery shut-downs, supply interruptions and other global events that impact markets. In order for Western Canadian producers to obtain access to the highest value global markets, sufficient pipeline capacity to alternative markets is required. It is markets in Asia where demand is growing and growing US production is increasingly reducing their reliance on imported crude.

Canadians are the ultimate owners of petroleum resources as represented through their provincial governments. The Canadian public is deprived of receiving the full market value for these resources when it is not possible to access the highest value end markets.

Since governments collect taxes based both on oil prices (provincial royalties) and corporate profits (provincial and federal corporate income taxes), higher revenues to producers also means



that governments will also collect considerable revenues. Should the Project proceed, it is forecasted that oil producer revenues could rise by \$45.4 billion over the first 20 years of operations, as a result of the market access provided by the Project. These oil producer revenues are expected to generate total federal and provincial fiscal benefits of \$14.7 billion.

With respect to product destinations, it is important to note that a volume of the product shipped on the pipeline today and foreseeably into the future is for use in British Columbia and North America. Indeed a significant volume of the refined product sold and consumed in Victoria and the Capital Region has been shipped by the Trans Mountain Pipeline as crude that is refined in BC and Washington, or that is shipped as refined product from Alberta and subsequently transported to the Island. While there is a need to access key markets in the Pacific Rim, local BC markets will remain an important destination for products shipped.

For impacts outside of Trans Mountain's jurisdiction or direct control, Trans Mountain believes it has a role to work with the energy industry to help address issues upstream and downstream from the pipeline. Trans Mountain is supportive of alternative and clean energy technologies if Canada is to remain a reliable, global energy provider. However, transitioning to a clean energy future takes time, financial investment and a shared commitment between government, industry and Canadians. For our part, we continue to explore new technologies we can incorporate into our own operations and we continue to be "at the table" where important regulatory and industry considerations are being developed that will shape our energy future

Export of Raw Product

The question is often asked of us whether it would be more beneficial to keep petroleum products in Canada rather than exporting them. Trans Mountain does not dictate the ultimate destination for the products we transport through our pipeline. However, as noted above, the primary purpose of the Project is to transport Alberta crude to markets along the Pacific Rim, including those outside Canada.

Canada produces more oil than it domestically needs. Not exporting this surplus of oil would mean fewer jobs for Canadians and a reduction in government revenues from the oil industry. While the prospect of refining more product within Canada seems appealing on the surface, the economics of constructing a new refinery in Canada are not favorable and refiners prefer to refine closer to end use.

Eastern Canadian refineries currently focus on refining imported lighter crude which creates a surplus of heavier Canadian crude. The choice to not export this product would result in a loss of Canadian jobs and a loss in income and economic benefits to the country.

Project Benefits

The construction and operation of the Project will provide substantial economic and fiscal benefits to Canada and its regions. There will be significant benefits to the parties directly involved, to all Western Canadian oil producers, and to all Canadians and their governments.



To estimate the economic and fiscal benefits that can be expected from the construction and operation of the Project, Trans Mountain commissioned an independent study by the Conference Board of Canada, which found among its conclusions that:

- The development (construction) period is forecasted to boost Canadian Gross Domestic Product (GDP) by approximately \$4.9 billion (in constant 2012 dollars), with \$2.8 billion accruing to BC and \$1.4 billion to Alberta. There will be a total of 58,000 person-years of employment generated across Canada during development, with approximately 36,000 in BC and 15,000 in Alberta.
- There will be \$646 million in federal taxes generated during the project development phase and an additional \$568 million of provincial taxes, with \$309 million received by BC and \$168 million by Alberta.
- There will be an overall boost to employment of 50,000 to 65,000 person-years during the first 20 years of operations, with 60 per cent of the jobs being created in BC and 20 per cent in Alberta.
- The operations phase will boost Canadian GDP by at least \$13.3 billion over the first 20 years. BC will see the largest impact with a boost of about \$8.5 billion, followed by Alberta at almost \$4 billion.
- The Project will generate about \$1.4 billion in additional tax revenues for the federal government during the operations phase and an additional \$1.1 billion in provincial taxes, with BC receiving about \$727 million and Alberta receiving about \$278 million.
- As noted above, Oil producer revenues are forecasted to rise by \$45.4 billion over the first 20 years of the pipeline's operations, as a result of higher netbacks that can be attributed to Western Canadian oil producers having access to new markets through the Project. This revenue associated with higher netbacks is expected to generate total federal and provincial fiscal benefits of \$14.7 billion.

In addition to the above, additional property taxes generated by the Project will be about \$22.1 million (a 103 per cent increase) annually in BC and \$3.2 million (a 119 per cent increase) annually in Alberta.

It can be expected that within the Capital region, there will be vendors and jobs seekers who will be looking for procurement or employment opportunities during the construction of the Project. Engagement to date on Vancouver Island has shown an interest by resident skilled trades and vendors and an interest in being made aware of potential procurement opportunities during construction. Additionally, there will be similar groups or individuals who will be looking to be involved in any associated upstream development resulting from the increased pipeline capacity to new markets.

As a result of recommendations for increased spill response capacity made by Trans Mountain in our application, there will be an investment by the Western Canadian Marine Response Corporation (WCMRC) in the Capital Regional District towards new employment and



infrastructure. This investment will be funded significantly from increased marine volume shipments at the Westridge Terminal through the Trans Mountain Pipeline. Current forecasts of the total investment toward enhanced spill response capacity in the Salish Sea by WCMRC is up to \$100 million in initial capital spending and 100 on-going full-time equivalent positions.

Project Timing

The Project is currently in the regulatory phase before the NEB. In the event the Project is approved by the NEB and necessary permits are received, construction could begin in 2016 and be in service by Q3 of 2018.

Increased Tanker Traffic Impacts on Property Value

It is not expected that Project related tanker traffic would have any impact on property values in the City of Victoria or the Capital Region. Trans Mountain has undertaken independent studies in conjunction with UBC professor Tsur Somerville that examined the impact of the pipeline on properties directly intersecting the existing Trans Mountain Pipeline System. These studies have been unable to find a material impact on property values for the directly affected properties overlaying and adjacent to the existing Trans Mountain pipeline. We believe it is therefore improbable that properties that are not directly affected by the pipeline such as properties in the City of Victoria and Capital Region would be affected. More specifically, it is not expected that going from the current five tankers per month in the Strait of Juan de Fuca to the projected 34 per month will have an impact on property values. Factoring anticipated growth in traffic in the Strait of Juan de Fuca, tankers departing Westridge Terminal will go from representing 1% of all large vessel traffic to 7% after the Project is in service.

Marine Accident and Oil Spill Prevention

Trans Mountain has loaded marine vessels with petroleum since 1956 without a single spill from tanker operations. Close collaboration and monitoring by Government organizations such as the Pacific Pilotage Authority, Transport Canada, Canadian Coast Guard and Port Metro Vancouver ensure that tankers navigate our local waters safely and are guided in and out of the port by highly-trained and qualified BC Coast Pilots. Tankers themselves are held to strict internationally accepted build, manning, maintenance and operating quality standards mandated by the International Maritime Organization and Canadian Shipping Act.

Before a nominated vessel is accepted for scheduling at the Westridge dock it must go through pre-acceptance. This ensures that all aspects of the tanker including its age, design, crew and past operating history has been properly reviewed and approved. Only double-hull tankers of modern design and construction are accepted. Additionally, the vessel must also have an agreement with WCMRC regarding spill response before they can be loaded at Westridge.

After berthing and before loading at Westridge, a Trans Mountain Loading Master, a master mariner and experienced tanker captain, conducts a physical inspection. As well, the ship is enclosed by a floating boom to provide containment in case of any possible spill during the cargo loading. The Loading Master remains onboard throughout the loading operation and oversees



the complete loading process to ensure effective procedures and communications are maintained throughout.

Transport Canada inspects tanker vessels on their first call to Westridge and annually thereafter. Canada is a signatory to international agreements that provide inspectors with records of inspections conducted in other ports by other countries.

After completing loading operations and prior to departure, two senior licensed Canadian pilots board the vessel at Westridge Terminal and they guide the navigation of the vessel through Vancouver harbor and during its transit to waters near Victoria.

In accordance with Port Metro Vancouver and the Pacific Pilotage Authority (PPA) requirements, tugs capable of controlling the tanker are tethered to the vessel as it transits the Port of Vancouver to open waters. The PPA requires that a tethered tug escort is also provided through Boundary Pass (starting near East Point) and Haro Strait (through Turn Point) through to Victoria. In our application to the NEB, Trans Mountain has proposed a number of additional precautionary and preventative measures. These also form part of Trans Mountain's submission to TERMPOL. The TERMPOL Review Committee (TRC), consisting of a number of agencies including Transport Canada, Port Metro Vancouver, Environment Canada, Canadian Coast Guard, Pacific Pilotage Authority and the BC Coast Pilots have completed their review and issued their report.

The TERMPOL process is a voluntary review that focuses on vessel safety and vessel operation in Canadian waters along the proposed shipping routes. The review examines vessel characteristics, the proposed routes, navigability, other waterway users, and the marine terminal operations associated with vessel operations. It is a technical analysis designed to assess the risks to navigation as well as public and environmental safety associated with shipping and navigation.

There are a number of key recommendations by Kinder Morgan Canada that the TRC supported, which will reduce risk and enhance situational awareness:

- Extended use of tethered and untethered tug escort from Burnaby to the mouth of the Juan de Fuca Strait;
- Extension west of the pilot disembarkation zone;
- Broadcasted radio safety calls by laden tankers when in transit;
- Guidance on communication between masters and watch keeping personnel to support strong communication between tankers and their escort tugs;
- Clear guidance to industry on enhancements to the marine safety regime that will impact their operations; and,
- An engagement and awareness strategy to promote safe navigation and interaction between Project tankers and recreational boaters, fishing vessel operators, and operators of small vessels.



The report notes in its conclusion notes that: “The existing Canadian marine laws and regulations, including international frameworks, complemented by the enhanced safety measures Trans Mountain has in place or is committed to implementing and the recommendations contained within this report will provide for safer shipping in support of the proposed Project.” Further it mentions that “the TRC does not consider the overall increase in marine traffic levels to be an issue; however, it does support additional measures to promote shared safe use of the Project’s preferred shipping route.”

Marine Spill Response and Marine Spill Clean-up

Trans Mountain works closely with Port Metro Vancouver, Transport Canada, the Canadian Coast guard, Environment Canada and WCMRC on the development and maintenance of emergency preparedness and prevention strategies for Westridge.

The regulation of marine oil spill response is contained in the Canada Shipping Act, 2001 and administered by Transport Canada. The Act defines the requirement for oil spill Response Organizations to be certified by the Minister, the requirement for all large vessels and oil handling facilities to have an arrangement with a certified Response Organization as a condition of operating in Canadian waters, and establishes planning standards that define minimum levels of capacity to be maintained by the Response Organization.

WCMRC is the Response Organization for the West Coast of Canada. Current planning standards require a minimum capacity to respond to oil spills of up to 10,000 tonnes, or about 70,000 barrels, in specified time frames which in some cases allow up to 72 hours plus travel time to deliver response equipment. WCMRC currently maintains capacity significantly in excess of the minimum planning standard requirements. With a team of well-trained professionals, WCMRC is on call 24/7 to manage oil spill response on the BC coast.

Trans Mountain acknowledges that despite the substantial measures in place to reduce the probability of an oil spill from a Project-related tanker, it is necessary to have resources and plans to minimize the effects of an oil spill, make the best efforts to control the spread of oil, and ensure that cleanup is timely and effective.

WCMRC, upon request by Trans Mountain, examined its current equipment locations and capacity, and the mandated response times against the results of a fate and behavior of crude oil on water study as well as other information such as quantitative risk studies and oceanography and metrological data conducted by marine consultants and have concluded that certain improvements could be undertaken to improve the effectiveness of its current emergency preparedness and response capacity. Among some of the proposed improvements include:

- Doubling of the current mandated spill response capacity to up to 20,000 metric tonnes
- Establish new full-time 24/7/365 response capability with new response bases along the route, focusing on areas near and around Ucluelet, Sooke, Saanich Peninsula, Nanaimo and Delta.
- Reduce maximum response times to two hours in Vancouver Harbour, and six hours at all locations along the tanker shipping route within the Salish Sea.



The TERMPOL report supports risk-based area response planning and WCMRC's efforts to increase capacity and reduce response time to ensure it is prepared to respond to a credible worst case scenario as identified by Trans Mountain. Furthermore, the TRC has written that "as part of measures to achieve a world-class tanker safety system, appropriate authorities will work with WCMRC and other stakeholders to develop and implement response plans tailored to the southern portion of BC. The plans will help to ensure the appropriate spill cleanup equipment is in place and readily available." Trans Mountain welcomes the TRC's support in this regard.

Marine Spill Liability and Compensation

Liability for a marine oil spill is defined under Canadian law within the Marine Liability Act. It is based upon the principle of "polluter pays." In effect, the source of the spill allocates responsibility. If oil were to be released directly from the Westridge Marine Terminal, Kinder Morgan would be the Responsible Party. The potential volume and dispersal of a spill originating at the terminal is low because tanker loading is a continuously staffed operation on both the land- and ship-side. Ship cargo hold integrity is constantly monitored during loading by vessel officers and independently by the Loading Master. Further, there is a relatively small amount of oil in the terminal piping at any given time and the water side of the terminal is fully surrounded by a marine containment boom whenever a vessel is at the terminal being loaded. Kinder Morgan would access the required response resources and cover the financial costs of cleaning up such a spill.

As Trans Mountain has indicated in previous responses to the NEB, Trans Mountain has access to \$750 million of General Liability Insurance which exceeds the estimated cost of a credible worst case spill of \$300 million.

If oil were released from a vessel, the vessel owner would be the Responsible Party. In addition to the ship owner's insurance, there are a variety of funding sources available to cover the costs of cleaning up such a spill. Although liability for such spills would not fall to the marine terminal owner, Kinder Morgan has established programs for vessels calling at Westridge Marine Terminal to reduce the potential for ship-source spills, as discussed above. Today, liability for compensation in the event of an at sea spill is capped at \$1.36 billion. However the Government of Canada has recently announced changes to the liability and compensation regime such that in the event of a spill, there would be unlimited compensation based on a polluter pay principle. In the event that all available sources of funds have been exhausted by spill-related claims, the Government of Canada will compensate eligible claimants and then recover those costs from the marine oil transport industry through a levy.

One should also note that there have been no large marine oil pollution incidents in Canada and changes to tanker design, construction and operating standards have further reduced the probability of such an event occurring.



Consultation with First Nations

Trans Mountain is working with Aboriginal communities and Aboriginal groups in a spirit of cooperation and shared responsibility; and building and sustaining effective relationships based on mutual respect and trust to achieve respective business and community objectives. Trans Mountain is engaging with Aboriginal communities and Aboriginal groups in Alberta and British Columbia to provide comprehensive information and seek feedback to identify any anticipated impacts of the Project. This proposed expansion presents an opportunity to enhance existing relationships we have with Aboriginal communities and Aboriginal groups while developing new discussions with additional communities as the engagement program progresses.

Trans Mountain has met and been in contact with a number of Douglas Treaty First Nations as well as other Aboriginal groups on Vancouver Island. Trans Mountain continues to meet with these groups to provide an open, transparent and inclusive process which seeks to exchange information in a respectful manner to address concerns shared by those who might have an interest in the Project or have Aboriginal interests potentially affected by the Project; to incorporate feedback into Project planning and execution; and, to provide Project benefits.


Again, thank you for the opportunity to respond to some of the questions you have received as part of your engagement efforts. Over the course of our own engagement on Vancouver Island and in the Capital Region, which has included meetings, open houses, online engagement, an Environmental and Socio-economic workshop and at speaking events, we have heard similar interests and concerns from the community and we will continue to consult and communicate with those in the region.

In 2012, prior to the project announcement in May that year, I had the opportunity to meet with then Mayor Dean Fortin to discuss the project and seek from him the interests of the City early in our consideration of the proposed Project. Regrettably, despite subsequent attempts by Trans Mountain to meet with the City after the project announcement, no meeting was able to be organized. In light of the election of the new Mayor, Lisa Helps, I would like to extend an invitation to meet with you and the Mayor at a time of your convenience. It would be beneficial to provide an update to the new mayor on the project and I would be interested to hear directly from you on the outcomes of your engagement activities. Our engagement team on the Island will be in contact with your office shortly to arrange a time.

Kind Regards,


KINDER MORGAN CANADA


Ian Anderson,
President



TRANS MOUNTAIN EXPANSION PROJECT


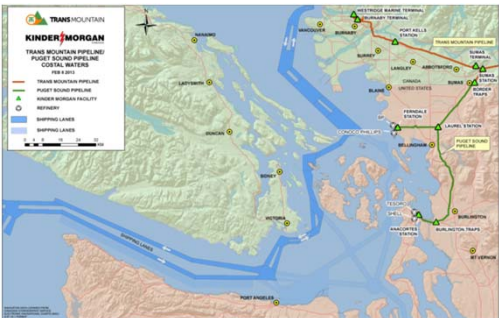
April 23, 2015





Proposal to Expand Pipeline

- The proposal would triple the capacity of the pipeline. Ships carrying petroleum products from this expanded pipeline would travel off the waters of Victoria.





Activities to Date

- Engagement process conducted in fall of 2014
- Information request submitted to Trans Mountain on December 23, 2014. Trans Mountain responded on February 18, 2015.
- Letter with additional questions sent on December 23, 2014. Response from President of Kinder Morgan Canada received on January 19, 2015.



Evidence Submission

- Must be submitted by May 27, 2015
- Will focus on:
 - opinions and concerns expressed by engagement participants
 - the specific economic, social and environmental values or assets that may be impacted in the event of a marine oil spill off the coast of Victoria, and
 - the City's current ability to respond to, or mitigate the effects of, an oil spill





City Position

- Council has not formally expressed a position on the proposed expansion
- Direction from Council regarding its position is necessary for effective preparation of the City's evidence submission
- Statement of opposition would be consistent with views expressed by members of the public



Next Steps

- Continue with evidence gathering and submit evidence by May 27, 2015
- Participation in final argument, should Council wish to do so



From the April 2, 2015 Governance and Priorities Committee meeting

4.1 Use of Parks & Green Spaces for Overnight Shelter

Action: It was moved by Councillor Alto, seconded by Council Coleman, that the following motion be postponed to the April 9, 2015 GPC Meeting:

Bring forward amendments to the Parks Regulation Bylaw to add the following parks to Section 16A (2) (b) to be considered after the city has consulted people currently sleeping in the following parks and nearby residents and Council has considered implementation of options for temporary housing referenced in (2) :

Haegert Park

Cridge Park

Kings Park

Arbutus Park

CARRIED 15/GPC

For: Mayor Helps, Councillors Alto, Coleman, Loveday, Lucas, Thornton-Joe and Young

Against: Councillors Isitt and Madoff



James Bay Neighbourhood Association

234 Menzies St
 Victoria, B.C.
 V8V 2G7

www.jbna.org

April 13th, 2015

Mayor and Council,
 City of Victoria

Dear Mayor Helps and Councillors,

Re: Parks and Sheltering

We are aware of the motion forwarded at the April 2nd G&P Committee meeting which formed an appeal to have Haegert, Cridge, Kings, and Arbutus parks identified as areas which could not be used for temporary shelter purposes under the Parks Regulation Bylaw No 07-059, Section 16A(2)(b).

We understand very well the issues created when tents or other temporary shelters are set-up in parks that are in or border residential communities.

The community of James Bay, the most densely populated area of the City of Victoria, has often encountered most inappropriate sheltering in our parks and on our boulevards, many of which contain or are near playgrounds and schools, and others that have high pedestrian use. The JBNA Board of Directors requests that the following James Bay park areas be included by name in the list of Victoria areas in which ***no overnight camping is permitted***:

- | | | |
|----------------------|------------------------------------|-----------------------|
| Irving Park | Fisherman's Wharf Park | Holland Point Park |
| South Park | Laurel Point Park | Centennial Park |
| Charles Redfern Park | Quadra Park | Belleville Green |
| Avalon Green | Todd Parkettes | Lewis Street Parkette |
| James Bay Shoreline | MacDonald Park & Niagara boulevard | |

Council will also be aware of the sensitivity associated with shoreline use and vulnerability and the need to honour the bird sanctuary requirements of our shores.

We understand that Council is considering the creation of a "temporary" or "micro-housing" approach to the sheltering of the many homeless in the region. **We remind Council that no such facility should be contemplated anywhere in Beacon Hill Park.**

... 2

JBNA ~ honouring our history, building our future

- 2 -

The Trust, the document giving Beacon Hill Park to the City in 1882, established a framework for the City to manage the Park. The restrictions of The Trust have been challenged and upheld in two landmark court rulings: Supreme Court Judge Begbie, 1884, and B. C. Supreme Court Justice Wilson, 1998. Both rulings interpret the founding document.

Key words in the Trust are: *... "land known as Beacon Hill Park...shall be maintained and preserved by the said Corporation [City of Victoria] and their successors for the use, recreation and enjoyment of the public..."*

The Begbie ruling¹ came after an Agricultural Fair Building was constructed in Beacon Hill Park and a resident named Anderson challenged the legality of that action. **In the 1884 Supreme Court ruling "Anderson vs. Corporation of the City of Victoria"**, Matthew Begbie decided the building was **not** an acceptable use because it did not constitute public recreational use and enjoyment, according to The Trust. He specified cricket and lawn bowling facilities as acceptable, as well as horseracing. Begbie added that the following uses were **not permitted**: university, sanatorium, barracks for soldiers, lunatic asylum, and cemetery. Begbie concluded that the Park was **not** to be used **"for general purposes of profit, or utility, however great the prospect of these may be."** Micro-housing with facilities would be a general purpose of utility, not a recreational use of the public.

We are surprised that Council appears to be focusing on parks and greenspaces as areas to be used for temporary sheltering, or more permanent micro-housing. If Council wishes to provide buffer zones between residential areas in order to provide residents as much "quiet enjoyment" of their residences, as suggested by Councilor Isitt, then perhaps the City should search for City owned land that is hard surfaced and not in the middle of residential neighbourhoods. Hard-surfaced areas would also facilitate clean-up obligations. Two locations come immediately to mind, both of which could show-case Council's micro-shelter initiatives, namely Centennial Square and the parking lot area of Ship's Point. The City may have other sites that are further away from downtown.

Respectfully submitted,



President, JBNA

¹ *Begbie, J.C. August, 30, 1884. Anderson v. Corporation of City of Victoria and others and the Attorney-General v. Corporation of City of Victoria and others. Supreme Court of British Columbia. British Columbia Law Reports. Victoria, 1893: vol. I., part ii, 107-112.*

JBNA ~ honouring our history, building our future

Christine Havelka

Subject: FW: Attn: GPC - Haegert Park Campers

Importance: High

From: Carlstrom, Tim MTIC:EX
Sent: Tuesday, April 21, 2015 12:45 PM
To: Bylaw Complaints; Councillors; Lisa Helps (Mayor)
Subject: Attn: GPC - Haegert Park Campers

Please include in the Public Agenda for April 23 Governance and Priorities Committee meeting.

I live at 1149 Grant Street and walk the neighborhood with my dog at least 4 times per day. I have noticed the increase in regularity that campers are taking over Haegert Park at the Corners of Yukon St, Grant St and Chambers St. I notice that it is in use every night of the week over at least the past month, by at least 3 campers. We sometimes observe up to 7 full size tents and tarpaulins erected along with the multiple cartloads of belongings that are stored inside the park overnight. Even the steel park bench gets taken up by someone in a sleeping bag at night.

I am very concerned with the use of the park area as a washroom facility. I have personally witnessed people in open view covering themselves with a tarpaulin while squatting on the grass and defecating and urinating near the bordering the paved East U-Turn of Grant Street, behind the house at 1206 North Park. That paved area has soiled toilet paper strewn about and the ever-present stench of raw sewage when walking by. At the very least this is revolting and at worst a health hazard.

The covered structures in this park are regularly being set up by the same group of people around 6pm, prior to the allowed 8pm DST.

Even though there are multiple pathways through the park, I no longer feel comfortable using the park, and after dark I no longer feel safe entering the park.

This is within the block of the Victoria Senior Secondary School, beside housing with young children who previously used to play in the park, and the homes of many children who attend that school and others nearby. It is also within a block of Mayor Lisa Helps' home.

I see two signs posted on the North and East side of the park that indicate no camping or loitering, but there seems to be no enforcement being done. I can only assume those signs do not pertain to the South side of the park where the campers are.

I suggest that the City of Victoria ban the use of Haegert Park for overnight shelter. I further support the use of Centennial Square for use of overnight shelter due to the washroom facilities present. I would also support the use of Stadacona Park as it has existing washroom facilities, has pathway lighting, and has fewer visible sightlines from the roads. This park also has more buffer area between the bordering residents and any area that may be used for overnight shelter.

Regards,

Tim Carlstrom and Jennifer Krause
 1149 Grant Street



DISTRICT OF NORTH SAANICH

1620 Mills Road, North Saanich, B.C. V8L 5S9

Phone: 250-656-0781 | Fax: 250-656-3155

e-mail: admin@northsaanich.ca | www.northsaanich.ca

Office of the Mayor

February 24, 2015

City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor and Council

Re: Nav Canada Assessment Appeal

In January 2011, Nav Canada appealed property assessments for four of their control towers in British Columbia. The board issued a decision to reduce both the land and improvements for the appealed properties to \$20.00. The District of North Saanich has joined the British Columbia Assessment Authority (BCAA) in an appeal to the Board's ruling by way of Stated Case to the BC Supreme Court. This appeal was unsuccessful and the BCAA is appealing that decision to the Court of Appeal. The District of North Saanich is joining BCAA in the appeal. Please see the attached brief for more information.

Our reason for writing you is that your municipality is one of 18 municipalities in B.C. which have Nav Canada properties. If the appeal is not successful, this will have a financial impact on your municipality by way of lost taxation. We request that you consider providing a financial contribution towards this legal proceeding. To date, North Saanich has incurred over \$100,000 in legal costs not including the upcoming appeal. We have applied to the UBCM for financial assistance in the appeal but this assistance, if approved, is limited to a total of \$10,000. The 136 Nav Canada properties located in the 18 municipalities would have generated about \$657,235 of general revenue and \$1.15 million in total property tax revenue in 2014.

Any financial participation you can provide us in this effort would be very much appreciated.

Sincerely,

Mayor Alice Finall

2014

Nav Canada Property Assessment Impact Brief

PREPARED BY THE DISTRICT OF NORTH SAANICH



DISTRICT OF NORTH SAANICH | 1620 MILLS ROAD, NORTH SAANICH, BC, V8L 5S9

Nav Canada Property Assessment Impact Brief

Background Information

- Nav Canada owns a total of 136 properties in BC with a total 2014 assessed value of \$76.4 million and \$657,235 general revenue tax dollars, \$1.15 million for general/hospital/school combined. Of these properties, Nav Canada has 120 active appeals on various properties they own.
- Nav Canada is a non-profit federal corporation under contract to the federal government to provide aircraft safety and guidance services to airports across the country.
- Nav Canada leases a small portion of the larger airport properties on which the control towers and facilities (mostly communication equipment) are located. The lease rate to the federal Crown and Municipality (owners of the airport properties) is nominal at \$10 annually. The lease also restricts and limits the use of the properties to the provision of the contracted services.
- Nav Canada charges a fee for services to the airport users (primarily airlines) but is limited by its corporate charter to its primary non-profit model.

Property Assessment Appeal Board Decision

- In January 2011 Nav Canada appealed their property assessments for 4 of their control towers.
- In February 2013, the Board issued a decision to reduce both the land and improvement values for the appealed properties to \$10, for a total of \$20 per property.
- The Board considered the following when determining the market value for these special purpose properties:
 - Section 19 of the Assessment Act of BC requires that assessments be at actual or market value;
 - There is no competitive and open market for the properties being appealed; and
 - Both parties agree that the highest and best use of the properties is the current or restricted use.

The Board's decision was based upon finding no market value for these properties, and therefore the decision was consistent with Nav Canada's position that the properties in appeal have nominal value.

It is important to note that the Board's decision did reference the fact that the determination of assessed value in these unique circumstances begs for a legislated solution that does not require forcing appraisal principles and market concepts on properties that do not trade in the market.

Appeal by way of Stated Case Decision

- The Stated Case decision deals with 4 Air Traffic Control towers represented as test cases for the 19 towers found in BC. One of these Traffic Control towers is located in North Saanich. The decision upheld the 2013 PAAB ruling to reduce both the land and improvement values to \$10, for a total value of \$20 per property.
- Following the Stated Case decision, BC Assessment has decided to appeal the BC Supreme Court ruling to the Court of Appeal.

Financial Implications for North Saanich are as follows:

1. Municipal Taxes Lost

Municipal taxes lost on Nav Canada properties:			
2011	\$	14,310	
2012	\$	28,730	
2013	\$	28,145	Note 1
2014	\$	26,830	Note 1
2015	\$	<u>26,830</u>	Note 2
Total	\$	<u>124,845</u>	
Note 1	Potential losses. Since the appeal continues, BC Assessment will not apply the decision to the 2013 and 2014 property assessments at this time.		
Note 2	Estimated loss based on the 2014 property assessment and tax rate.		

The total 2014 assessed value of the 19 control towers in the province is \$35.2 million. This equates to \$368,992 general revenue tax dollars and \$602,995 for general/hospital/school combined. These 19 properties are directly affected by this decision.

2. Legal Costs

To date the District has incurred \$91,117 in legal costs associated with the Nav Canada appeals and Supreme Court Stated Case.

Recommendation:

A successful appeal to the Supreme Court’s ruling on the Nav Canada assessments would not only benefit many municipalities with Nav Canada properties but also those with Ferry Terminals.



Council Member Motion
For the Governance and Priorities Committee Meeting of April 23, 2015

To: Governance & Priorities Committee **Date:** April 17, 2015
From: Councillors Marianne Alto and Ben Isitt
Subject: Good Neighbour Agreements

BACKGROUND

The City of Victoria continues to utilize 'Good Neighbour Agreements' (GNAs) to guide collaboration among service organizations, neighbourhood associations, residents and others in the vicinity of social service centres, when such agreements add value to the delivery, receipt and impact of these services.

Conventional GNAs often leave out an important partner in the relationship – the individuals who use the services provided.

In many cities, GNAs are evolving to recognize that service users bring an important perspective to the design and operation of GNAs. A 'better neighbour agreement' can enable consideration of all residents' needs, and be accessible to all those who are affected by the GNA.

Reviewing and improving its GNAs allows the City of Victoria to align these agreements with its 2015-2018 strategic priorities of 'Engage and Empower the Community' and 'Facilitate Social Inclusion and Community Wellness'.

MOTION

"That the City of Victoria works to facilitate Better Neighbour Agreements to include service users and to commit to building understanding and eliminating stigma and discrimination towards service users."

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Alto".

Councillor Marianne Alto

A handwritten signature in blue ink, appearing to read "Ben Isitt".

Councillor Ben Isitt



**Council Member Motion
For the Governance and Priorities Committee Meeting of April 23, 2015**

To: Governance & Priorities Committee **Date:** April 16, 2015
From: Councillors Jeremy Loveday and Ben Isitt
Subject: Oil Spill Preparedness

Background:

WHEREAS an oil spill off of the coast of Vancouver Island would have catastrophic social, environmental, and economic impacts on the City of Victoria.

AND WHEREAS the oil spill event of April 9, 2015, into English Bay, and the Salish Sea, demonstrated a clear lack of capacity to respond to oil spill events in British Columbia.

AND WHEREAS delegates at the 2015 annual meeting of the Association of Vancouver Island and Coastal Communities (AVICC) voted unanimously in favour of requesting an independent audit of oil spill preparedness and response in British Columbia.

Motion:

BE IT RESOLVED THAT the Mayor write a letter requesting that the Province of British Columbia and Government of Canada order an independent audit of the current state of oil spill preparedness and response in BC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeremy Loveday".

Councillor Jeremy Loveday

A handwritten signature in blue ink, appearing to read "Ben Isitt".

Councillor Ben Isitt



Council Member Motion
For the Governance and Priorities Committee Meeting of April 23, 2015

To: Governance & Priorities Committee **Date:** April 17, 2015
From: Councillors Jeremy Loveday and Chris Coleman
Subject: Youth Engagement Strategy

Background:

Whereas the 2015 Strategic plan articulates a commitment to increasing youth engagement in City process and initiatives and

Whereas Council lacks input from youth regarding decisions that impact their communities and does not currently have sufficient tools to facilitate ongoing engagement with all segments of the youth population.

Motion:

BE IT RESOLVED THAT Council direct staff to prepare a report for council on the development of a youth engagement strategy for the City of Victoria. The report is to include information on best practices in other jurisdictions, a potential workplan, and a list of groups that would be consulted.

Respectfully submitted,

Handwritten signature of Councillor Jeremy Loveday.

Councillor Jeremy Loveday

Handwritten signature of Councillor Chris Coleman.

Councillor Chris Coleman

Commonwealth Games Foundation. Should an initial response to the letter be positive, more investigation would be required to address the financial aspects.

Options:

- 1) Council endorse the request that the Mayor sign the letter (attached);
- 2) Council amend the letter and share it with the other regional municipalities before the Mayor signs it;
- 3) Council decline the request to have the Mayor sign the letter.

Respectfully submitted



Mayor Lisa Helps



Councillor Chris Coleman

April 7, 2015

HRH Prince Imran, President Commonwealth Games Federation
CAN Mezzanine
49-51 East Road
London N1 6AH
United Kingdom

Dear Sir,

We understand that Durban SA is the only bidder for the 2022 Commonwealth Games. Victoria BC would like to be considered as an alternative host in the event Durban is unable or unwilling to proceed with its bid. We were thrilled to host the Games in Greater Victoria in 1994 and would be keen to repeat the experience.

We want to be clear that we are not proposing to host because of any worry that Durban would do a poor job. South Africa is a sporting powerhouse. It has hosted many international sports events over the years and done a marvelous job. Having the Games in Africa for the first time would be inclusive and appropriate for the Commonwealth. Furthermore, Commonwealth Games Canada wants the Games to go to Durban, as do we. However, we understand that every organisation needs backup plans. Both Christchurch and Edinburgh put their names forward as possible backups when we held the Games and we would be honoured to do the same for Durban.

If we were to host the Games, we would agree to staging the core sports of Aquatics (Swimming & Diving), Badminton, Field Hockey, Netball (Women), Squash, Athletics, Boxing (Men), Lawn Bowls, Rugby 7s (Men), and Weightlifting. In addition we would consider host-selecting a wide variety of sports, some of which would likely include Rowing, Shooting, Table Tennis, Tennis, Gymnastics, Wrestling, Archery, Cycling (Road, Mountain), and Triathlon.

Signed by:

Signature

Signature

Signature

Signature

Lisa Helps, Mayor of Victoria

Steve Price, Mayor of Sidney

Ken Williams, Mayor of Highlands

Carol Hamilton, Mayor of Colwood

Nils Jensen, Mayor of Oak Bay

Barbara Desjardins, Mayor of Esquimalt

Maja Tait, Mayor of Sooke

Ryan Windsor, Mayor of Central Saanich

Stewart Young, Mayor of Langford

Alice Finall, Mayor of North Saanich

David Screech, Mayor of View Royal

Richard Atwell, Mayor of Saanich

John Ranns, Mayor of Metchosin

Signature

Signature

Signature

Signature

Signature

Signature

Signature

Signature

Signature