

A REGULAR MEETING OF THE
COUNCIL OF THE TOWN OF LADYSMITH
AGENDA

7:00 p.m.

Monday, April 15, 2019

Council Chambers, City Hall

Pages

1. **CALL TO ORDER (5:30 p.m.)**

Call to Order 5:30 p.m. in Open Session, in order to retire immediately into Closed Session.

Members of the public are welcome to attend all Open Meetings of Council, but may not attend Closed Meetings.

2. **CLOSED SESSION**

In accordance with section 90 of the Community Charter, this section of the meeting will be held *In Camera* to consider the following matter, for the reasons as noted:

- Service Access Negotiations – sections 90 (1)(j) and 90 (1)(i)

3. **REGULAR MEETING (7:00 p.m.)**

4. **AGENDA APPROVAL**

Recommendation

That Council approve the agenda for this Regular Meeting of Council for Monday, April 15, 2019.

5. **RISE AND REPORT- Items from Closed Session**

6. **MINUTES**

6.1 **Minutes of the Special Meeting of Council held April 8, 2019**

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Recommendation

That Council approve the minutes of the Special Meeting of Council held April 8, 2019.

7. DELEGATIONS

- 7.1 **Cory Vanderhorst, CPA, CA - MNP Auditors for the Town of Ladysmith: Presentation of the Draft 2018 Financial Statements** 10

Recommendation

That Council accept the 2018 Draft Financial Statements.

8. DEVELOPMENT APPLICATIONS

- 8.1 **Coach House Development Permit Application – 417 White Street** 65

Recommendation

That Council:

1. Issue DP 3060-19-02 to permit the issuance of a building permit for the construction of a two storey coach house on Lot 6 Block 99 District Lot 56 Oyster District Plan 703A (417 White Street).
2. Authorize the Mayor and Corporate Officer to sign DP 3060-19-02.

- 8.2 **Arts and Heritage Hub Rezoning** 73

Recommendation

That Council:

1. Direct staff to proceed with the preparation of bylaws to amend the:
 - a. Zoning Bylaw to support the proposed uses in the Arts and Heritage Hub Concept Plan, and
 - b. Institutional (Arts and Heritage Hub) land use policies in the Waterfront Area Plan to recognize the potential for additional revenue generating uses within the Arts and Heritage Hub area.
2. Direct that the Town's community and stakeholder consultation undertaken as part of the development of the Arts and Heritage Hub Concept Design Report be considered as the early and on-going consultation during the development of the OCP amendment, pursuant to s. 475 of the Local Government Act.

9. REPORTS

9.1 Child Care Space Creation Grant 77

Recommendation

That Council direct staff to investigate with the Boys and Girls Clubs of Central Vancouver Island the opportunity to submit an application to the Ministry of Children and Family Development under the Child Care New Space Fund for up to \$1 million for additional child care space at the Boys and Girls Club building at 220 High Street, thereby increasing available child care spaces in the community.

9.2 Community Driven Capital Policy 82

Recommendation

That Council approve the Community-Driven Capital Project Policy as presented.

9.3 Poet Laureate 86

Recommendation

That Council consider whether it wishes to proceed with the proposed Poet Laureate program at this time.

9.4 Distribution of the 2019 Property Taxes 90

Recommendation

That Council: Direct staff to prepare the 2019 Financial Plan and Tax Rates Bylaws based on Option #2A of allocating 3.54% after non-market change and maximizing the Class 2 rate.

9.5 Core Services - Generators 97

Recommendation

That Council direct staff to include in the 2019 – 2023 Financial Plan \$400,000 to purchase 3 lift station generators with the funds to come from the additional federal Gas Tax allocation for 2019.

9.6 Reallocation of Proposed Waterfront Area Plan 2019 Budget 100

Recommendation

That Council approve the reallocation of budget funds from the proposed Waterfront Area Plan 2019 budget to permit a legal survey of Lots 4 & 5.

10. BYLAWS

10.1 Road Closure Bylaw Adoption – 674 Farrell Road

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Members of the public will have the opportunity to address Council on this matter in accordance with *Community Charter s.*

Recommendation

That, having considered any public submissions on the matter, Council adopt Town of Ladysmith Road Closure and Dedication Removal Bylaw 2019, No. 2004.

11. NEW BUSINESS

12. UNFINISHED BUSINESS

13. QUESTION PERIOD

- A maximum of 15 minutes is allotted for questions.
- Persons wishing to address Council during “Question Period” must be Town of Ladysmith residents, non-resident property owners, or operators of a business.
- Individuals must state their name and address for identification purposes.
- Questions put forth must be on topics which are not normally dealt with by Town staff as a matter of routine.
- Questions must be brief and to the point.
- Questions shall be addressed through the Chair and answers given likewise. Debates with or by individual Council members or staff members are not allowed.
- No commitments shall be made by the Chair in replying to a question. Matters which may require action of the Council shall be referred to a future meeting of the Council.

14. ADJOURNMENT



MINUTES OF A SPECIAL MEETING OF COUNCIL

Monday, April 8, 2019

5:00 P.M.

Council Chambers, City Hall

Council Members Present:

Mayor Aaron Stone

Councillor Duck Paterson

Councillor Amanda Jacobson

Councillor Rob Johnson

Councillor Tricia McKay

Councillor Marsh Stevens

Councillor Jeff Virtanen

Staff Present:

Guillermo Ferrero

Erin Anderson

Mike Gregory

Joanna Winter

Kim Fowler

Sue Bouma

Also Present:

Staff Sergeant Ken Brissard, Ladysmith

RCMP Detachment

1. CALL TO ORDER

Mayor Stone called this Special Meeting of Council to order at 5:01 p.m.

2. CLOSED SESSION

CS 2019-133

That in accordance with section 90 of the Community Charter, Council retire into Closed Session at 5:01 p.m. in order to consider items related to the following:

- Committee Appointments
 - Personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the municipality or another position appointed by the municipality - section 90 (1)(a)

Motion Carried

3. RISE AND REPORT- Items from Closed Session

Council rose from Closed Session at 5:09 p.m. with report on the following:

Resolution CE 2019-036

That Council endorse the following two appointments to the Parks, Recreation and Culture Advisory Committee:

- Geoff Dean
- Lynda Baker

4. SPECIAL OPEN MEETING

Mayor Stone called this Special Open Meeting of Council to order at 5:13 p.m., recognizing the traditional territory of the Stz'uminus People.

5. AGENDA APPROVAL

CS 2019-134

That Council approve the agenda for this April 8, 2019 Special Meeting of Council.

Motion Carried

6. MINUTES

6.1 Minutes of the Public Hearing and Regular Meeting of Council held April 1, 2019

CS 2019-135

That Council approve the minutes of the Public Hearing and Regular Meeting of Council held April 1, 2019 as amended to correct the date of the Ladysmith and District Historical Society Annual General Meeting.

Motion Carried

7. REPORTS

7.1 Confirmation Letter – Municipal Policing Expenditure Cap 2019/20

Staff Sergeant Ken Brissard was in attendance to answer Council's questions.

CS 2019-136

That Council:

1. Direct staff to prepare the Confirmation Letter for 2019/2020 confirming the Town of Ladysmith RCMP Detachment member strength of 7.
2. Direct staff to prepare a letter to the Minister of Public Safety and Solicitor General of BC requesting an additional RCMP member in 2020.

Motion Carried

OPPOSED: Councillor Virtanen

Staff Sergeant Ken Brissard left the meeting.

7.2 Draft Resolution for Association of Vancouver Island and Coastal Communities

CS 2019-137

That Council endorse the following resolution for consideration at the annual general meeting of the Association of Vancouver Island and Coastal Communities:

WHEREAS the lack of affordable housing in British Columbia communities is creating a crisis whereby lower income families and individuals are unable to secure appropriate housing and businesses are unable to recruit and retain workers; and

WHEREAS investment in the development of affordable housing by all levels of government will generate significant social and economic returns;

THEREFORE BE IT RESOLVED that the Governments of Canada and British Columbia reduce or eliminate the Goods and Services Tax and the Provincial Sales Tax charged on materials purchased for the construction of affordable housing projects in British Columbia communities.

Motion Carried

7.3 Waterfront Area Plan Implementation Update

Kim Fowler, Project Manager, provided Council with highlights of the Waterfront Area Plan implementation.

Council thanked Ms. Fowler for her dedication, recognized the scope of her achievements, and wished her well in the future as she leaves the Town of Ladysmith for a new opportunity.

CS 2019-138

That Council receive for information the report from the Project Manager, Waterfront Area Plan Implementation on accomplishments to date.

Motion Carried

8. MOTION TO RECESS

CS 2019-139

That Council recess at 5:51 p.m. and reconvene after the Municipal Services Committee meeting.

Motion Carried

9. UNFINISHED BUSINESS (Following Municipal Services Meeting)

Council reconvened at 7:13 p.m.

9.1 Cowichan Attainable Housing Strategy -- Recommendations from Municipal Services Committee

CS 2019-140

That Council approve the following recommendations from the Municipal Services Committee meeting, held April 8, 2019:

That Council:

1. Endorse the Cowichan Attainable Housing Strategy.
2. Join the Cowichan Attainable Housing Strategy Partnership
3. Authorize Mayor Stone to sign the partnership declaration.

Motion Carried

10. ADJOURNMENT

CS 2019-141

That this Special Meeting of Council adjourn at 7:14 p.m.

Motion Carried

Mayor (A. Stone)

Corporate Officer (J. Winter)

TOWN OF LADYSMITH
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018
AUDITED



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DECEMBER 31, 2018

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Independent Auditor's Report

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Ladysmith and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting standards.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

MNP LLP as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian Auditing Standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian Public Sector Accounting Standards.

Guillermo Ferrero
Chief Administration Officer

INDEPENDENT AUDITOR'S REPORT



TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
		(restated)
Financial Assets		
Cash and short-term deposits (Note 2)	\$ 22,025,702	\$ 20,440,472
Accounts receivable (Note 4)	4,435,613	2,884,198
	26,461,315	23,324,670
Liabilities		
Accounts payable and accrued liabilities (Note 5)	3,372,143	2,387,416
Post-employment benefits (Note 6)	232,400	234,100
Deferred revenue (Note 7)	563,199	537,531
Refundable deposits and other (Note 8)	878,031	560,987
Restricted reserves (Note 9)	442,190	434,856
Development cost charge reserve (Note 10)	3,163,671	2,672,844
Federal gas tax reserve (Note 11)	1,506,769	1,481,511
Equipment Financing (Note 12)	986,306	359,437
Short-term financing (Note 13)	952,700	-
Debenture debt (Note 14 & Schedule I)	11,598,532	12,229,401
	23,695,941	20,898,083
Net Financial Assets	2,765,374	2,426,587
Non-Financial Assets		
Tangible Capital Assets (Schedule VIII)	97,692,141	93,874,808
Prepays	89,387	71,453
Inventory	74,232	66,390
	97,855,760	94,012,651
Accumulated Surplus (Note 19)	\$ 100,621,134	\$ 96,439,238

Commitments and Contingencies (Note 15)

Director of Financial Services

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>Budget 2018</u> (Note 20)	<u>2017</u> (restated)
Revenue			
Taxes (Schedule II)	\$ 10,691,844	\$ 10,684,515	\$ 10,146,910
Sale of Services (Schedule III)	3,731,971	3,624,582	3,344,924
Investment Income	263,939	138,000	183,209
Licence, Permits, Rentals & Penalties (Schedule IV)	965,424	736,827	849,864
Grants (Schedule VI)	3,658,040	10,756,080	1,917,069
Donations and contributed tangible capital assets	348,214	151,635	335,638
Loss on foreign exchange	(51,120)	-	(42,008)
Gain (loss) on disposal of tangible capital assets	(1,205)	-	1,641,274
Development fees	43,000	323,000	-
Gas tax funds utilized (Note 11)	398,071	1,142,972	230,053
	<u>20,048,178</u>	<u>27,557,611</u>	<u>18,606,933</u>
Expenses			
General government services	2,698,993	3,305,415	2,329,962
Protective services	1,742,911	1,974,995	1,802,436
Transportation services	2,338,580	2,355,251	2,145,021
Garbage services	511,805	508,761	488,715
Cemetery services	28,609	30,619	36,876
Development services	578,671	738,470	771,490
Recreation and cultural services	2,887,980	2,898,874	2,743,912
Parks operation services	930,872	976,642	912,806
Sewer	2,787,753	3,652,843	2,890,663
Water	1,360,108	1,963,164	1,289,564
	<u>15,866,282</u>	<u>18,405,034</u>	<u>15,411,445</u>
Annual Surplus	4,181,896	9,152,577	3,195,488
Accumulated Surplus, beginning of year	<u>96,439,238</u>	<u>96,439,238</u>	<u>93,243,750</u>
Accumulated Surplus - end of year	<u>\$ 100,621,134</u>	<u>\$ 105,591,815</u>	<u>\$ 96,439,238</u>

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2018

	2018	2017
		(restated)
Operating Transactions		
Annual Surplus	\$ 4,181,896	\$ 3,195,488
Less non-cash items included in surplus:		
Amortization	3,336,032	3,256,082
Loss (gain) on disposal of tangible capital assets	1,205	(1,641,274)
Actuarial adjustments on debenture debt	(40,824)	(35,790)
Contributed tangible capital assets	(269,830)	(319,473)
	7,208,479	4,455,033
Accounts receivable	(1,551,415)	109,694
Prepaid expenses	(17,934)	40,900
Inventory	(7,842)	5,369
Accounts payable and accrued liabilities	984,727	(91,000)
Post employment benefits	(1,700)	(16,200)
Deferred revenues	25,668	51,474
Refundable deposits and other	317,044	105,840
Restricted reserves	7,334	9,546
Development cost charge reserve	490,827	701,441
Gas tax reserve	25,258	171,237
Cash provided by operating transactions	7,480,446	5,543,334
Capital Transactions		
Proceeds on sale of tangible capital assets	-	2,273,000
Cash used to acquire tangible capital assets	(6,884,740)	(5,227,872)
	(6,884,740)	(2,954,872)
Repayment of long-term debt and equipment financing		
Proceeds of long-term financing	952,700	-
Proceeds of equipment loans	626,869	-
Repayment of debt	(590,045)	(1,319,178)
	989,524	(1,319,178)
Net (Decrease) Increase in cash from financing	989,524	(1,319,178)
Increase in Cash and Short-Term Deposits	1,585,230	1,269,284
Cash and Short-Term Deposits - Beginning of Year	20,440,472	19,171,188
	\$ 22,025,702	\$ 20,440,472

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>Budget 2018</u> (Note 20)	<u>2017</u> (restated)
Annual Surplus	\$ 4,181,896	\$ 9,152,577	\$ 3,195,488
Acquisition of tangible capital assets	(7,154,570)	(21,467,448)	(5,547,345)
Amortization of tangible capital assets	3,336,032	3,211,065	3,256,082
Loss (gain) on sale of tangible capital assets	1,205	-	(1,641,274)
Proceeds from sale of tangible capital assets	-	-	2,273,000
Decrease (Increase) in inventories	(7,842)	-	5,369
Decrease (Increase) in prepaids	(17,934)	-	40,900
Change in Net Financial Assets	<u>338,787</u>	<u>(9,103,806)</u>	<u>1,582,220</u>
Net Financial Assets, beginning of year	<u>2,426,587</u>		<u>844,367</u>
Net Financial Assets, end of year	<u>\$ 2,765,374</u>		<u>\$ 2,426,587</u>

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

The Town of Ladysmith (the Town) was incorporated in 1904 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services in the Town, as governed by the *Community Charter* and the *Local Government Act*.

Note 1 - Significant Accounting Policies

The notes to the consolidated financial statements are an integral part of these financial statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis of these statements. They also provide relevant supplementary information and explanations which cannot be expressed in the consolidated financial statements.

(a) Basis of Presentation

It is the Town's policy to follow Canadian public sector accounting standards for local governments and to apply such principles consistently. The financial resources and operations of the Town have been consolidated for financial statement purposes and include the accounts of all of the funds of the Town.

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

The consolidated financial statements reflect the assets, liabilities, revenues and expenses and changes in fund balances and financial position of the Town. These consolidated financial statements consolidate the following operations:

General Revenue Fund	General Capital Fund
Water Revenue Fund	Water Capital Fund
Sewer Revenue Fund	Sewer Capital Fund
Reserve Fund	

(b) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Town. Control is defined as the power to govern the financial and reporting policies of another organization with the

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Significant Accounting Policies - (b) Reporting Entity (continued)

expected benefits or risk of loss to the Town. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Town. Interfund and intercompany balances and transactions have been eliminated. The controlled organizations include DL 2016 Holdings Corporation, a wholly owned subsidiary of the Town.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Town does not capitalize interest charges as part of the cost of its tangible capital assets.

Tangible capital assets are amortized over their estimated useful life, with a half-year's provision in the year of acquisition, on the straight-line method at the following annual rates:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	15 to 75 years
Buildings	25 to 40 years
Equipment, Furniture and Vehicles	5 to 60 years

Engineering Structures

Roads and Sidewalks	20 to 75 years
Storm and Sewer	25 to 75 years
Water	20 to 80 years

Constructions in progress contain capital projects underway but not yet complete or put into use. Once put into use, the asset will be amortized based on the above annual rates for the applicable category of work performed.

Certain assets have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts that are not recognized as tangible capital assets

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Significant Accounting Policies – (c) Tangible Capital Assets (continued)

because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands and other natural resources are not recognized as tangible capital assets.

(d) Cash and Short-Term Deposits

Cash and short-term deposits have maturities of three months or less from the date of acquisition, reported in Canadian funds using the exchange rate of the prescribed bank as of December 31.

(e) Restricted Reserves and Deferred Revenues

Receipts which are restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as restricted reserves. When qualifying expenses are incurred, restricted reserves are brought into revenue at equal amounts, in accordance with Revenue Recognition policy 1(i). These revenues are comprised of the amounts shown in Note 9, 10, and 11.

Revenues received from non-government sources in advance of expenses which will be incurred in a later period are deferred until the associated purchase or expense is incurred.

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 revenue and expense during the reporting period. Significant areas requiring the use of management estimates relate to the collectability of accounts receivable, accrued liabilities, post-employment benefits, provisions for contingencies and amortization rates, useful lives and salvage values for determining tangible capital asset values. Actual results could differ from those estimates. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Town is responsible for. Adjustments, if any, will be reflected in operations in the period of settlement.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Significant Accounting Policies (continued)

(g) Leases

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

(h) Service Agreements & Rental Payments

Rental payments under operating leases are expensed as incurred.

Service Agreements

	2018	2017
Ladysmith & District Historical Society	\$ 23,970	\$ 23,500
Ladysmith Resources Centre Association	41,310	40,500
Ladysmith Chamber of Commerce & Visitor Centre	43,400	43,400
	\$ 108,680	\$ 107,400

Rental Payments

	2018	2017
132c Roberts Street - office space	\$ 27,796	\$ 25,563
17 & 25 Roberts Street - parking lot	8,100	7,500
	\$ 35,896	\$ 33,063

(i) Revenue Recognition

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Fees and charges revenue are recognized when the services are rendered. Investment income is accrued as earned. Gain (loss) on foreign exchange has been recognized in the Statement of Operations using the exchange rate in effect on December 31, 2018.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Significant Accounting Policies - (i) Revenue Recognition (continued)

Other revenues are recognized when earned in accordance with the terms of the agreement, when the amounts are measurable and when collection is reasonably assured.

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. Grants and donations are recognized in the financial statements in the period which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability (deferred revenue). In such circumstances, the Town recognizes the revenue as the liability is settled.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

(j) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(k) Inventory

Inventory is valued at the lower of cost and net realizable value, determined on an average cost basis.

(l) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town of Ladysmith is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2018.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Significant Accounting Policies - (l) Liability for contaminated sites (continued)

The Town has determined that no owned properties meet the criteria to recognize a liability for contaminated sites.

At each financial reporting date, the Town of Ladysmith reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. If applicable, the Town of Ladysmith will recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(m) Recent Accounting Pronouncements

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

Effective January 1, 2018, the Town adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the financial statements of adopting the new Sections.

PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights

Effective January 1, 2018, the Town adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Significant Accounting Policies - (m) Recent Accounting Pronouncements (continued)

PS 3380 Contractual Rights establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the financial statements of adopting the new Sections.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2 - Cash and Short-Term Deposits

Cash and short-term deposits were comprised as follows:

	<u>2018</u>	<u>2017</u>
Cash	\$ 21,232,595	\$ 19,660,237
Short-term deposits	793,107	780,235
	<u>\$ 22,025,702</u>	<u>\$ 20,440,472</u>

Included in Cash is a deposit of \$245,635 (the equivalent of \$184,265 US Funds based on the exchange rate at the Ladysmith and District Credit Union on December 31, 2018). Short-term deposits consist of short-term investments in the Municipal Finance Authority of B.C. money market fund. The market value is equal to the carrying value.

Included in cash and short-term deposits are the following restricted amounts that are expended in accordance with the terms of the restricted reserves.

	<u>2018</u>	<u>2017</u>
Restricted reserves - other	\$ 442,190	\$ 434,856
Federal gas tax reserve	1,506,769	1,481,511
Development cost charges reserve	3,163,671	2,672,844
Total restricted cash	<u>\$ 5,112,630</u>	<u>\$ 4,589,211</u>

Note 3 - Financial Instruments

The Town as part of its operations carries a number of financial instruments. It is management's opinion the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. The Town is exposed to currency risk on its US dollar bank account. Unless otherwise noted in Note 2, the fair value of these financial instruments approximates their carrying values.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 4 - Accounts Receivable

	<u>2018</u>	<u>2017</u>
Property taxes	\$ 911,481	\$ 1,070,765
Other government	2,705,974	1,005,578
User fees and other	808,059	788,747
Developer receivables	5,139	16,253
Employee receivables	4,960	2,855
	<u>\$ 4,435,613</u>	<u>\$ 2,884,198</u>

Note 5 - Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
General	\$ 2,583,733	\$ 1,756,044
Other governments	11,362	(93)
Salaries and wages	261,128	230,085
Contractor holdbacks	438,108	318,526
Accrued interest	77,813	82,854
	<u>\$ 3,372,143</u>	<u>\$ 2,387,416</u>

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 6 - Post-Employment Benefits

The Town provides compensated absences to its employees to a maximum of 120 days. The Town also allows employees to defer unused vacation without any maximum. Any deferred vacation time remaining at retirement or termination is paid out at that time. The amount recorded for these benefits is based on an actuarial evaluation done by an independent firm using a projected benefit actuarial valuation method prorated on services. The last actuarial valuation was calculated at August 31, 2014 and has been extrapolated to December 31, 2018. The change in the liability in the financial statements in respect of obligations under the plan amounts to a reduction of \$1,700. (-\$16,200 - 2017).

The accrued post-employment benefits are as follows:

	2018	2017
Balance, beginning of year	\$ 234,100	\$ 250,300
Current service costs	29,000	31,000
Benefits paid	(26,900)	(23,600)
Actuarial gain	(3,800)	(19,900)
Past service credit	-	(3,700)
	\$ 232,400	\$ 234,100

The significant actuarial assumptions adopted in measuring the Town's post-employment benefits are as follows:

	2018	2017
Discount Rate	3.30%	2.90%
Expected Inflation Rate and Wage & Salary Increases	2.50%	2.50%

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 7 - Deferred Revenue

	<u>2018</u>	<u>2017</u>
Licence fees & charges	\$ 17,832	\$ 16,916
Rental payments	12,441	16,247
Property tax prepayments	417,460	380,299
Subdivisions prepayments	71,515	71,619
Recreation prepayments	27,512	36,971
Utilities prepayments	12,357	6,926
Other	4,082	8,552
	<u>\$ 563,199</u>	<u>\$ 537,531</u>

Note 8 - Refundable Deposits and Other

	<u>2018</u>	<u>2017</u>
Developer performance deposits	\$ 475,996	\$ 306,976
Damage deposits	233,450	213,450
Other	168,585	40,561
	<u>\$ 878,031</u>	<u>\$ 560,987</u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 9 - Restricted Reserves

There are two reserves, LRC Capital and B&G Capital for the replacement of specific building components located at 630 2nd Avenue and 220 High Street.

Description	Balance Dec. 31, 2017	Interest	Contributions	Expenditures	Balance Dec. 31, 2018
Parking	\$ 74,103	\$ 876	\$ -	\$ -	\$ 74,979
Green Streets	1,463	17	-	-	1,480
Amphitheatre	18,333	222	700	-	19,255
B&G - Capital	38,426	439	5,064	-	43,930
LRCA/Seniors - Capital	302,531	532	2,480	(2,996)	302,546
TOTAL	\$ 434,856	\$ 2,086	\$ 8,244	\$ (2,996)	\$ 442,190

Note 10 - Development Cost Charges Reserve

Restricted reserves include Development Cost Charges (DCC's) which are charged to developers and utilized for infrastructure development.

Description	Balance Dec. 31, 2017	Interest	Contributions	Expenditures	Balance Dec. 31, 2018
DCC - Water	\$ 560,733	\$ 7,607	\$ 125,423	\$ -	\$ 693,763
DCC - Parks	650,399	8,218	75,424	(15,000)	719,041
DCC - Roads	614,402	8,479	152,953	-	775,834
DCC - Sewer	477,877	6,398	148,100	(43,000)	589,375
DCC - Storm	369,433	4,518	11,708	-	385,658
TOTAL	\$ 2,672,844	\$ 35,219	\$ 513,608	\$ (58,000)	\$ 3,163,671

Developers may be entitled to DCC credits in certain circumstances. The Town provided \$15,000 in DCC-Parks credits in 2018 (\$0 - 2017).

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11 - Federal Gas Tax Reserve

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Town and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. The funds are recorded on the financial statements as a restricted reserve.

	2018	2017
Opening balance of unspent funds	\$ 1,481,511	\$ 1,310,275
Add: Amounts received during the year	405,121	391,288
Interest earned	18,208	10,001
Less: Gas tax funds utilized	(398,071)	(230,053)
	\$ 1,506,769	\$ 1,481,511

Note 12 - Obligations under Equipment Financing

The total equipment financing outstanding with the Municipal Finance Authority of British Columbia as at December 31, 2018 was \$986,306 (\$359,437 - 2017).

The Town has entered into equipment loans for the following purchases:

- 1) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced September 2015 for the purchase of a 2005 Spartan fire truck. The remaining obligation will be repaid with monthly loan payments in the amount of \$776 including interest at a daily varying rate. The balance of the loan at December 31, 2018, which is included in equipment financing, is \$16,505 (\$25,339 - 2017). Loan to expire September 2020.

- 2) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced May 2017 for the purchase of a 2012 Spartan fire truck. This was formerly a capital lease. The remaining obligation will be repaid with monthly loan payments in

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 12 - Obligations under Equipment Financing (continued)

the amount of \$3,291 including interest at a daily varying rate. The balance of the loan at December 31, 2018, which is included in equipment financing, is \$287,634 (\$320,191 - 2017). Loan to expire May 2022.

- 3) A two year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced May 2017 for the purchase of fitness equipment for \$19,509. This was formerly a capital lease. The remaining obligation will be repaid with monthly loan payments in the amount of \$825 including interest at a daily varying rate. The balance of the loan at December 31, 2018, which is included in equipment financing, is \$4,222 (\$13,907 - 2017). Loan to expire May 2019.
- 4) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced September 2018 for the purchase of a 2018 Spartan fire truck. The remaining obligation will be repaid with monthly loan payments in the amount of \$2,835 including interest at a daily varying rate. The balance of the loan at December 31, 2018, which is included in equipment financing, is \$677,945. Loan to expire September 2023.

The future minimum loan payments under the equipment loan obligation are as follows:

2019	\$ 60,197
2020	55,813
2021	49,718
2022	205,931
2023	614,648

Interest in the consolidated statement of operations is calculated as \$12,208 (\$4,179 - 2017).

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 13 – Short-term Financing

The total short-term financing outstanding with the Municipal Finance Authority of British Columbia as at December 31, 2018 was \$952,700 (\$0 – 2017). The Town entered into a short-term financing agreement which commenced September 2018 to borrow up to \$1,000,000 to purchase 1260 Churchill Place. As of December 31, 2018 \$952,700 in short-term financing was executed. Interest is charged at a daily varying rate. The full amount borrowed must be repaid by 2023.

Short-term interest in the consolidated statement of operations is calculated at \$5,912.

Note 14 - Debenture Debt

The Town of Ladysmith secures its long-term borrowing through the Municipal Finance Authority of BC (MFA). As a condition of these borrowing, a portion of the debenture proceeds is retained by the MFA as a debt reserve fund. As at December 31, 2018, the cash balance of the Town's debt reserve funds was \$ 158,762 (\$155,381 – 2017). Debt reserve funds are not recorded elsewhere in the financial statements.

The total long-term debt issued and outstanding with the MFA as at December 31, 2018 was \$11,598,532 (\$12,229,401 as at December 31, 2017). An additional \$6 million dollars in long-term debt to construct a water filtration plant was approved by the electors in 2018 but not executed.

The following principal payments are payable over the next five years:

	General		Water		Sewer		Total
	Principal Repayment	Actuarial Sinking Fund Earnings	Principal Repayment	Actuarial Sinking Fund Earnings	Principal Repayment	Actuarial Sinking Fund Earnings	Net
2019	\$ 66,033	\$ 39,688	\$ 24,012	\$ 6,371	\$ 500,000	-	\$ 636,104
2020	66,033	43,917	24,012	7,586	500,000	-	641,548
2021	66,033	48,315	24,012	8,850	500,000	-	647,210
2022	66,033	52,889	24,012	10,165	500,000	-	653,098
2023	66,033	57,645	24,012	11,532	500,000	-	659,222
Thereafter	528,263	656,921	336,167	339,999	6,500,000	-	8,361,351

Debt interest, net of actuarial adjustment in the consolidated statement of operations, is calculated at \$223,759 (\$242,153 – 2017).

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 15 - Commitments and Contingencies

(a) Contingent Liabilities

- i) The Town, as a member of the Cowichan Valley Regional District, is jointly and severally liable for operational deficits or long term debt related to functions in which it participates.
- ii) The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet payments on its obligations it shall make payments from the Debt Reserve Fund which in turn is established by a similar Debt Reserve Fund in the Town and all other borrowing participants. If the Debt Reserve Fund is deficient the Authority's obligations become a liability of the regional district and may become a liability of the participating municipalities.
- iii) Various claims have been made against the Town as at December 31, 2018 for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcomes of the lawsuits, now pending, are not determinable. As the outcomes are not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

(b) Pension Liability

The Town and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 15 - Commitments and Contingencies – (b) Pension Liability (continued)

The most recent valuation for the Municipal Pension Plan as of December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Town of Ladysmith paid \$464,390 (2017 - \$463,018) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

(c) Reciprocal Insurance Exchange Agreement

The Town is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement the Town is assessed a premium and specific deductible for its claims based on population. The obligation of the Town with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, and not joint and several. The Town irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 16 - Significant Taxpayers

The Town is reliant upon 10 taxpayers for approximately 13.52% (14.88% - 2017) of the total property tax revenue which includes Western Forest Products at approximately 6.78% (7.34% - 2017) of the total property tax revenue.

Note 17 - Funds Held in Trust

These funds account for assets which must be administered as directed by agreement or statute for certain beneficiaries; in particular, these funds are for the Cemetery Trust Fund. In accordance with PSAB recommendations on financial statement presentation, trust funds are not included in the Town's Financial Statements. A summary of trust fund activities by the Town is as follows:

	2018	2017
Assets		
Cash and short term investment	<u>\$ 159,737</u>	<u>\$ 155,937</u>
Equity		
Opening balance	\$ 155,937	\$ 152,957
Interest	2,461	1,946
Transfer interest to fund cemetery costs	(2,461)	(1,946)
Contributions	4,130	2,980
Refunds	<u>(330)</u>	<u>-</u>
Balance, end of year	<u>\$ 159,737</u>	<u>\$ 155,937</u>

Note 18 - Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 19 - Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	<u>2018</u>	<u>2017</u> (restated)
Unappropriated equity	\$ 5,346,507	\$ 4,663,968
Appropriated equity (Schedule V)	8,980,174	7,947,430
	<u>14,326,682</u>	<u>12,611,397</u>
Capital Funds		
General capital fund	182,120	149,442
Sewer capital fund	14,942	7,718
Water capital fund	14,073	432,851
	<u>211,135</u>	<u>590,011</u>
Reserve Funds		
Reserve funds (Schedule V)	<u>1,928,713</u>	<u>1,951,856</u>
Equity in Tangible Capital Assets	<u>84,154,605</u>	<u>81,285,974</u>
Total Accumulated Surplus	<u>\$ 100,621,134</u>	<u>\$ 96,439,238</u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 20 - Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 7th, 2018.

The Financial Plan anticipated the use of surpluses accumulated in previous years to balance against current year expenses in excess of current year revenues. In addition, the Financial Plan anticipated capital expenses rather than amortization expense.

The following shows how these amounts were combined:

Financial Plan Balance for the year	\$ -
Add back:	
Amortization	(3,211,065)
Proceeds from new debt	(5,016,472)
Transfers to/from own funds	(4,922,571)
Less:	
Principal payments on debt	835,237
Capital expenditures per budget	21,918,250
Capital Expenditures expensed according to Tangible Capital Asset Policy	<u>(450,802)</u>
Adjusted Annual Surplus	<u>\$ 9,152,577</u>

Note 21 - DL 2016 Holdings Corporation (“DL 2016”)

The Town of Ladysmith has an investment in DL 2016 Holdings Corporation, a wholly owned subsidiary company of the Town.

The Town of Ladysmith leases portions of its waterfront from the Province of British Columbia parts of which are subleased to DL 2016 for use as a marina.

DL 2017 has entered into operation and maintenance agreement and a license agreement with the Ladysmith Maritime Society (LMS) for the operation and management of the lease area.

Pursuant to these agreements DL 2016 could provide security for debt financing in order for LMS to implement capital improvements to the lease area.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 22 - Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens such as roads, water, sewer and drainage infrastructure, fire protection, police protection (RCMP), cemetery, recreation centre, garbage collection and parkland. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

The City Manager is the liaison between Council and the Town departments and staff. The Corporate Services Department supports the legislated activities of Council, and provides information to citizens with respect to Council/Committee processes, reporting procedures and decisions, and Town activities. Also included in General Government Services is the Finance Department, Information Technology, Human Resources, and new for 2018, Waterfront Area Plan Implementation.

Protective Services

Protection is comprised of fire protection, policing, and bylaw enforcement:

- Bylaw enforcement administers, monitors, and seeks compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the Town of Ladysmith.
- Fire protection is provided by the fire department, whose volunteer members receive compensation for each callout in which they take part.
- Policing is provided under contract with the RCMP operating from a detachment building located in and owned by the Town of Ladysmith.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 22 - Segmented Information (continued)

Transportation, Solid Waste and Cemetery

The Transportation (Public Works) Department is responsible for the infrastructure of the Town. Public works provides and maintains Town's roads, sidewalks, street lights, signage and line markings, storm drainage and hydrants.

Solid Waste (Public Works) is responsible for the garbage collection, kitchen organics and recycling programs operating in the Town of Ladysmith. Solid waste collection is performed by a contractor.

Cemetery (Public Works) Department provides cemetery services including the maintenance of the cemetery grounds.

Development

The Development Services Department provides short-term and long-term land use planning services. Long-term Planning includes work with the community on reviewing the Town's Official Community Plan, developing new Neighbourhood Plans, the Trail Plan and the review of relevant bylaws. Short term Planning includes the processing of development applications.

The Town of Ladysmith's Development Services and Public Works Departments work together to regulate all construction within the Town. This is achieved through the use of the Town of Ladysmith's Building and Plumbing Bylaw, the British Columbia Building Code, the British Columbia Fire Code and other related bylaws and enactments with the Town of Ladysmith.

Recreation and Culture

The Parks, Recreation and Culture Department contribute to the quality of life and personal wellness of the community through the provision of a variety of special events, programs, services and facilities. The Frank Jameson Community Centre is the location where the majority of the programs are offered.

Parks

Parks includes and provides maintenance of beach area, trails, golf course, spray-park, ball parks, and any other civic grounds.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 22 - Segmented Information (continued)

Water

Water includes all of the operating activities related to the treatment and distribution of water throughout the Town as well as ensuring clean and safe water to the Town, supplied through underground pipes and reservoirs,

Sewer

Sewer includes all of the operating activities related to the collection and treatment of waste water (sewage) and bio-solids composting throughout the Town as well as maintaining a separate system of underground pipes to collect sewer or waste water for proper treatment prior to discharging it.

Note 23 - Subsequent Events

The Town began the expropriation of Lot 5, District Lots 24 & 56 Oyster District, Plan 45800 for the purposes of municipal parks open spaces, trails and services for the appraised amount of \$292,000 with funding from the Real Property Reserve.

TOWN OF LADYSMITH
SCHEDULE OF DEBENTURE DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE I

	<u>Original Amount</u>	<u>Balance Dec 31, 2017</u>	<u>Principal Payments</u>	<u>Balance Dec 31, 2018</u>	<u>Interest</u>	<u>Actuarial Adjustment</u>	<u>Interest Rate</u>
<u>General Capital Fund</u>							
RCMP Building Issue #97 Term 2006-2031	\$ 2,750,000	\$ 1,859,457	\$ 101,655	\$ 1,757,803	\$ 48,125	\$ (35,622)	1.75%
<u>Water Capital Fund</u>							
Water Improvements Issue #118 Term 2012-2037	1,000,000	869,943	29,214	840,729	34,000	(5,202)	3.40%
<u>Sewer Capital Fund</u>							
Sewer Treatment Plant Issue #138 Term 2016-2036	10,000,000	9,500,000	500,000	9,000,000	182,458	-	1.88%
	<u>\$ 13,750,000</u>	<u>\$ 12,229,401</u>	<u>\$ 630,869</u>	<u>\$ 11,598,532</u>	<u>\$ 264,583</u>	<u>\$ (40,824)</u>	

TOWN OF LADYSMITH
SCHEDULE OF TAX REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE II

	<u>Actuals 2018</u>	<u>Budget 2018</u>	<u>Actuals 2017</u>
General Taxes			
General municipal purposes	\$ 7,953,731	\$ 7,961,111	\$ 7,721,249
Grants in lieu and 1% utility tax	167,917	165,877	165,294
Water and sewer parcel tax	2,570,196	2,557,527	2,260,367
	<u>10,691,844</u>	<u>10,684,515</u>	<u>10,146,910</u>
Collections for other governments:			
School district	2,999,577	-	2,880,030
Regional hospital district	891,070	-	788,355
Regional district	1,332,669	-	1,237,926
BCAA and MFA	77,486	-	72,339
Library	386,677	386,844	364,616
	<u>5,687,479</u>	<u>386,844</u>	<u>5,343,266</u>
Less:			
Transmission of taxes levied for other agencies:			
School district	2,999,577	-	2,880,030
Regional hospital district	891,070	-	788,355
Regional district	1,332,669	-	1,237,926
BCAA and MFA	77,486	-	72,339
Library	386,677	386,844	364,616
	<u>5,687,479</u>	<u>386,844</u>	<u>5,343,266</u>
Net Taxation	<u>\$ 10,691,844</u>	<u>\$ 10,684,515</u>	<u>\$ 10,146,910</u>

TOWN OF LADYSMITH
SALES OF SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE III

	<u>Actuals 2018</u>	<u>Budget 2018</u>	<u>Actuals 2017</u>
Administration recoveries	\$ 48,504	\$ 30,800	\$ 34,699
Cemetery services	32,250	30,500	23,615
Fire service agreements	82,152	73,508	73,522
Public Works recoveries	41,481	-	1,290
Recreation services	582,075	563,705	533,061
Sewer utility fees	1,296,801	1,264,505	1,087,316
Solid waste fees	642,413	637,936	642,186
Water utility fees	1,006,296	1,023,628	949,234
	<u><u>\$ 3,731,971</u></u>	<u><u>\$ 3,624,582</u></u>	<u><u>\$ 3,344,924</u></u>

TOWN OF LADYSMITH
LICENSES, PERMITS, RENTALS & PENALTIES
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE IV

	<u>Actuals 2018</u>	<u>Budget 2018</u>	<u>Actuals 2017</u>
Facility Rentals & Leases	\$ 378,360	\$ 283,150	\$ 337,757
Fines	3,620	5,600	4,855
Licences	90,029	89,900	88,641
Penalties and interest	148,572	144,113	146,823
Permits, Licences & Fees	<u>344,843</u>	<u>214,064</u>	<u>271,787</u>
	<u><u>\$ 965,424</u></u>	<u><u>\$ 736,827</u></u>	<u><u>\$ 849,864</u></u>

**TOWN OF LADYSMITH
CONTINUITY SCHEDULE OF RESERVES & APPROPRIATED EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

SCHEDULE V

	Balance Dec. 31, 2017	Interest Allocated	Contributions	Funding	Balance Dec. 31, 2018
RESERVES					
Tax Sale	\$ 26,244	\$ 310	\$ -	\$ -	\$ 26,555
Perpetual Safety Fund	13,059	154	-	-	13,214
Sale Real Property	1,537,590	17,987	-	118,621	1,436,956
Municipal Office Building	295,000	-	60,000	-	355,000
Amenity Funds	79,962	1,026	16,000	-	96,989
TOTAL RESERVES	\$ 1,951,856	\$ 19,478	\$ 76,000	\$ 118,621	\$ 1,928,713
APPROPRIATED EQUITY - OPERATIONS					
General Operating Fund					
Future Projects	3,674,882	-	1,415,294	2,401,124	2,689,052
Equipment	1,281,500	-	281,757	287,968	1,275,288
Land & Building	30,719	-	60,000	-	90,719
Tax Contingency	7,986	-	-	-	7,986
Snow & Ice Removal	-	-	50,000	-	50,000
Infrastructure Deficit	491,581	-	208,034	8,284	691,331
Multi-Materials BC Rebate	291,925	-	88,400	-	380,325
	<u>5,778,593</u>	<u>-</u>	<u>2,103,485</u>	<u>2,697,376</u>	<u>5,184,702</u>
Water Operating Fund					
Future Projects	-	-	893,757	-	893,757
Capital Expenditures	1,169,330	-	494,246	355,718	1,307,858
MFA Surplus Refunds	524,075	-	-	-	524,075
Total Water Operating Fund	<u>1,693,405</u>	<u>-</u>	<u>1,388,003</u>	<u>355,718</u>	<u>2,725,690</u>
Sewer Operating Fund					
Future Projects	-	-	638,494	-	638,494
Capital Expenditures	475,433	-	-	44,144	431,289
MFA Surplus Refunds	-	-	-	-	-
Total Sewer Operating Fund	<u>475,433</u>	<u>-</u>	<u>638,494</u>	<u>44,144</u>	<u>1,069,783</u>
TOTAL APPROPRIATED EQUITY	<u>\$ 7,947,431</u>	<u>\$ -</u>	<u>\$ 4,129,982</u>	<u>\$ 3,097,238</u>	<u>\$ 8,980,174</u>
TOTAL RESERVES AND APPROPRIATED EQUITY	<u>\$ 9,899,286</u>	<u>\$ 19,478</u>	<u>\$ 4,205,982</u>	<u>\$ 3,215,859</u>	<u>\$ 10,908,887</u>

TOWN OF LADYSMITH
SCHEDULE OF GRANT REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE VI

	<u>Actuals 2018</u>	<u>Budget 2018</u>	<u>Actuals 2017</u>
Operating Grants			
Traffic Fines Revenue	\$ 45,684	\$ 45,564	\$ 45,564
Small Communities	465,515	461,270	461,270
CVRD Recreation	135,075	128,268	128,268
Other	<u>29,672</u>	<u>15,164</u>	<u>35,577</u>
	<u>675,946</u>	<u>650,266</u>	<u>670,679</u>
Capital Grants			
2nd Avenue/High St Crosswalk	\$ -	\$ 10,000	\$ -
Tree Replacements	6,100	6,000	-
Age Friendly Walkability	9,000	15,000	-
Asset Management	9,152	9,000	70,848
Bio-Solids Business Case	-	-	10,000
Canada 150	-	-	46,000
Composting Facility	-	-	548,274
Derelict Vessels	59,880	72,480	2,520
Machine Shop	35,968	1,752,553	-
MIABC - Golf Course Netting	7,846	7,846	-
Stz'uminus First Nation Cooperation Protocol/C2C	610	-	1,685
Water Filtration	<u>2,853,538</u>	<u>8,232,935</u>	<u>567,064</u>
	<u>2,982,094</u>	<u>10,105,814</u>	<u>1,246,391</u>
Total Grants	<u>\$ 3,658,040</u>	<u>\$ 10,756,080</u>	<u>\$ 1,917,069</u>

TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE VII

	General Government		Protective Services		Transportation, Garbage & Cemetery Services		Development Services	
	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE								
Tax	\$ 8,121,648	\$ 7,886,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services	48,504	32,754	84,976	73,522	679,009	669,036	-	-
Investment income & MFA Refunds	263,939	183,209	-	-	-	-	-	-
Licence, Permits, Rentals & Penalties	110,919	114,817	210,118	191,790	181,597	111,270	227,508	215,624
Grants	535,157	465,475	45,684	45,564	-	16,241	-	-
Donations & contributed property	16,000	-	-	-	229,490	215,797	-	5,000
Loss on foreign exchange	(51,120)	(42,008)	-	-	-	-	-	-
Gain (loss) on disposal	(1,205)	1,641,274	-	-	-	-	-	-
Development fees	-	-	-	-	-	-	-	-
Gas tax fund utilized	60,000	-	-	40,000	214,157	7,983	-	126,872
Total revenue	9,103,841	10,282,064	340,778	350,876	1,304,253	1,020,327	227,508	347,496
EXPENSES								
Contracted Services	625,463	403,373	1,078,113	1,148,132	796,183	566,463	66,582	264,363
Service Agreements/Grants In Aid	166,647	161,073	-	-	-	-	-	-
Insurance	75,556	58,686	21,523	17,357	5,035	4,930	-	-
Interest	5,912	5,353	24,501	22,542	-	4	-	-
Materials & Supplies	93,460	69,603	87,550	139,451	113,422	156,285	11,539	9,584
Utilities & Telephone	20,035	17,093	26,241	23,403	151,099	143,365	5,662	4,686
Wages & Benefits	1,662,778	1,537,156	299,033	270,124	939,000	934,092	471,407	467,447
Other	(183,413)	(147,370)	38,361	31,518	55,328	19,968	19,353	19,896
Amortization	232,555	224,995	167,589	149,909	818,927	845,505	4,128	5,514
Total expenses	2,698,993	2,329,962	1,742,911	1,802,436	2,878,994	2,670,612	578,671	771,490
Surplus (Deficit)	\$ 6,404,848	\$ 7,952,102	\$ (1,402,133)	\$ (1,451,560)	\$ (1,574,741)	\$ (1,650,286)	\$ (351,163)	\$ (423,994)

TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE VII -CONTINUED

Recreation & Culture Services		Parks Operations Services		Sewer Operations Services		Water Operations Services		Total Actual	Total Actual
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
\$ -	\$ -	\$ -	\$ -	\$ 1,093,742	\$ 1,084,353	\$ 1,476,454	\$ 1,176,014	\$ 10,691,844	\$ 10,146,909
582,075	533,061	34,310	-	1,296,801	1,087,316	1,006,296	949,234	3,731,971	3,344,924
-	-	-	-	-	-	-	-	263,939	183,209
201,741	188,467	-	-	17,546	14,287	15,996	13,609	965,424	849,864
206,676	264,452	16,984	-	-	558,274	2,853,538	567,064	3,658,040	1,917,069
35,144	3,665	6,000	7,500	32,540	44,436	29,040	59,240	348,214	335,638
-	-	-	-	-	-	-	-	(51,120)	(42,008)
-	-	-	-	-	-	-	-	(1,205)	1,641,275
-	-	-	-	43,000	-	-	-	43,000	-
123,914	55,199	-	-	-	-	-	-	398,071	230,053
<u>1,149,550</u>	<u>1,044,844</u>	<u>57,295</u>	<u>7,500</u>	<u>2,483,628</u>	<u>2,788,666</u>	<u>5,381,323</u>	<u>2,765,161</u>	<u>20,048,177</u>	<u>18,606,933</u>
338,806	309,423	70,461	70,458	241,093	492,329	133,276	145,256	3,349,977	3,399,797
-	-	-	-	-	-	-	-	166,647	161,073
39,772	38,496	4,180	4,076	17,297	15,396	11,210	11,201	174,573	150,142
210	334	-	-	182,458	195,819	28,798	29,921	241,880	253,973
151,321	135,615	95,350	78,886	170,104	177,524	117,907	89,933	840,653	856,881
217,964	218,844	7,345	5,455	144,441	117,411	11,086	10,817	583,872	541,074
1,881,723	1,793,990	443,250	420,163	559,911	514,332	462,277	411,775	6,719,378	6,349,079
27,927	23,415	76,555	86,327	212,236	203,871	206,923	205,718	453,270	443,343
230,257	223,795	233,732	247,441	1,260,213	1,173,981	388,631	384,942	3,336,032	3,256,082
<u>2,887,980</u>	<u>2,743,912</u>	<u>930,872</u>	<u>912,806</u>	<u>2,787,753</u>	<u>2,890,663</u>	<u>1,360,108</u>	<u>1,289,563</u>	<u>15,866,282</u>	<u>15,411,445</u>
<u>\$ (1,738,430)</u>	<u>\$ (1,699,068)</u>	<u>\$ (873,578)</u>	<u>\$ (905,306)</u>	<u>\$ (304,124)</u>	<u>\$ (101,997)</u>	<u>\$ 4,021,215</u>	<u>\$ 1,475,598</u>	<u>\$ 4,181,895</u>	<u>\$ 3,195,488</u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE VIII

	<u>Land</u>		<u>Land Improvements</u>		<u>Buildings</u>		<u>Vehicle Furniture & Equipment</u>		<u>Transportation</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
COST									
Opening Balance	\$ 9,451,806	\$ 9,481,022	\$ 8,617,422	\$ 8,562,238	\$ 21,215,517	\$ 20,141,964	\$ 7,615,385	\$ 7,240,096	\$ 26,843,386
Add: Additions	459,410	377,144	340,031	55,184	2,457,996	1,073,553	1,503,780	378,666	247,825
Less: Disposals	-	406,360	-	-	-	-	1,205	3,377	-
Less: Write-downs	-	-	-	-	-	-	-	-	-
Closing Balance	<u>9,911,216</u>	<u>9,451,806</u>	<u>8,957,453</u>	<u>8,617,422</u>	<u>23,673,513</u>	<u>21,215,517</u>	<u>9,117,960</u>	<u>7,615,385</u>	<u>27,091,211</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	-	3,225,903	2,983,770	6,101,426	5,535,391	4,040,969	3,602,381	15,385,190
Add: Amortization	-	-	241,114	242,133	621,188	566,035	462,668	441,965	599,084
Less: Write-downs	-	-	-	-	-	-	-	-	-
Less: Disposals	-	-	-	-	-	-	-	3,377	-
Closing Balance	<u>-</u>	<u>-</u>	<u>3,467,017</u>	<u>3,225,903</u>	<u>6,722,614</u>	<u>6,101,426</u>	<u>4,503,637</u>	<u>4,040,969</u>	<u>15,984,274</u>
Net Book Value	<u>\$ 9,911,216</u>	<u>\$ 9,451,806</u>	<u>\$ 5,490,436</u>	<u>\$ 5,391,519</u>	<u>\$ 16,950,899</u>	<u>\$ 15,114,091</u>	<u>\$ 4,614,323</u>	<u>\$ 3,574,416</u>	<u>\$ 11,106,937</u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE VIII (CONTINUED)

Linear Infrastructure										
Transportation	Sanitary Sewer		Storm		Water		Assets Under Construction		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
\$ 26,634,528	\$ 35,914,284	\$ 35,511,308	\$ 8,607,481	\$ 8,527,181	\$ 16,713,617	\$ 16,636,309	\$ 2,997,471	\$ 329,480	\$ 137,976,369	\$ 133,064,126
208,858	32,540	402,976	100,677	80,300	223,463	77,308	4,017,206	2,927,392	9,382,928	5,581,381
-	-	-	-	-	-	-	2,228,358	259,401	2,229,563	669,138
-	-	-	-	-	-	-	-	-	-	-
<u>26,843,386</u>	<u>35,946,824</u>	<u>35,914,284</u>	<u>8,708,158</u>	<u>8,607,481</u>	<u>16,937,080</u>	<u>16,713,617</u>	<u>4,786,319</u>	<u>2,997,471</u>	<u>145,129,734</u>	<u>137,976,369</u>
14,779,738	7,822,993	6,841,672	2,312,727	2,196,399	5,212,353	4,909,505	-	-	44,101,561	40,848,856
605,452	988,598	981,321	117,901	116,328	305,479	302,848	-	-	3,336,032	3,256,082
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	3,377
<u>15,385,190</u>	<u>8,811,591</u>	<u>7,822,993</u>	<u>2,430,628</u>	<u>2,312,727</u>	<u>5,517,832</u>	<u>5,212,353</u>	<u>-</u>	<u>-</u>	<u>47,437,593</u>	<u>44,101,561</u>
<u>\$ 11,458,196</u>	<u>\$ 27,135,233</u>	<u>\$ 28,091,291</u>	<u>\$ 6,277,530</u>	<u>\$ 6,294,754</u>	<u>\$ 11,419,248</u>	<u>\$ 11,501,264</u>	<u>\$ 4,786,319</u>	<u>\$ 2,997,471</u>	<u>\$ 97,692,141</u>	<u>\$ 93,874,808</u>



**TOWN OF LADYSMITH
AUDIT FINDINGS REPORT**

Year Ending December 31, 2018

For presentation at the Mayor and Council
Meeting

April 15, 2019

April 15, 2019

Members of the Mayor and Council of Town of Ladysmith

Dear Mayor and Council:

We are pleased to put forward this report to discuss the results of our audit of the consolidated financial statements of Town of Ladysmith (the "Town") for the year ended December 31, 2018. In this report, we cover those significant matters which, in our opinion, you should be aware of as members of the Mayor and Council.

We have completed our audit of the consolidated financial statements of the Town and are prepared to sign our independent auditor's report after the Mayor and Council's review and approval of the consolidated financial statements.

Our report will provide an unqualified opinion to the Mayor and Council of the Town.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

A handwritten signature in black ink that reads "MNP LLP". The letters are in a cursive, slightly slanted font.

MNP LLP
Chartered Professional Accountants

/cr

The logo for MNP, consisting of the letters "MNP" in a bold, green, sans-serif font.

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1. MNP AUDIT PROCESS

As auditors, we report to the Mayor and Council on the results of our examination of the Town's consolidated financial statements. This report summarizes our audit process and discusses issues that are of relevance to the Mayor and Council of the Town.

- Our audit was carried out in accordance with Canadian auditing standards.
- Our audit procedures included a review of all significant accounting and management reporting systems.
 - Each material year-end balance, key transaction and other event considered significant to the consolidated financial statements was separately examined.
- Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks.
 - This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise.
 - Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances.
 - Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.



- During the course of our audit, we have:
 - Examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
 - Assessed the accounting principles used and significant estimates made by management;
 - Obtained an understanding of the Town and its environment, including management's internal controls (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the consolidated financial statements and to design and perform audit procedures;
 - Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
 - Evaluated the overall consolidated financial statement presentation;
 - Performed a subsequent events review with management;
 - Reviewed and assessed the status of contingencies, commitments and guarantees;
 - Reviewed and assessed exposure to environmental liabilities.
- We have obtained written representations from management in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:
 - Directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements;
 - Not directly related to items that are material to the consolidated financial statements, but are significant, either individually or in the aggregate, to the engagement; and
 - Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements.

2. SIGNIFICANT AUDIT FINDINGS

As a part of our commitment to providing superior client service we strive to maintain effective two-way communication. To aid the Mayor and Council in its role overseeing the financial reporting process, including its review and approval of the consolidated financial statements, we are pleased to provide you with the following significant findings:

AREAS OF AUDIT EMPHASIS

- There were no unusual specific areas of audit emphasis for the Town for 2018 because there were no significant changes to accounting policies, management personnel or operations.

FINAL MATERIALITY

- **Final materiality used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$600,000.**

DIFFICULTIES ENCOUNTERED

- We have satisfactorily completed our audit procedures for each of the significant account balances and transaction streams. No significant limitations were placed on the scope or timing of our audit.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

- While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention. However, we may not be aware of all the significant deficiencies in internal control that do, in fact, exist.

IDENTIFIED OR SUSPECTED FRAUD

- No incidents of fraud, or suspected fraud, came to our attention in the course of our audit.

IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS

- Nothing has come to our attention that would suggest there is non-compliance with laws and regulations that would have a material effect on the financial statements.

MATTERS ARISING IN CONNECTION WITH RELATED PARTIES

- During the course of our audit, we selected a sample of expense claims submitted by the Mayor and Council and by Senior Management of the Town, and we reviewed those expense claims for approvals and compliance with the related bylaws or policies. We did not find any issues or irregularities to bring to your attention.

GOING CONCERN

- We have not identified any material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

SIGNIFICANT ACCOUNTING POLICIES

- The accounting policies used by the Town are appropriate and have been consistently applied.

SIGNIFICANT MANAGEMENT ESTIMATES

- The preparation of the consolidated financial statements is subject to significant accounting estimates made by management. All significant management estimates were reviewed for the current period and no material differences were noted.
- The following is a summary of significant management estimates and provisions:
 - Allowance for doubtful accounts – \$89,875 provision for a few specific overdue property rental accounts.
 - Provision for legal contingencies – no provision deemed necessary.
 - Amortization period of tangible capital assets – amortized over the estimated useful life of the respective assets.
 - Post-employment benefits liability is calculated by Mercer, an external actuary company engaged by the Town.

MATTERS ARISING FROM MANAGEMENT DISCUSSIONS

- We would like to formally acknowledge the excellent cooperation and assistance we received from the management and staff.
- There were no disagreements with management, significant difficulties or other irregularities encountered during the course of our audit.

SIGNIFICANT DIFFERENCES

- There were no significant adjusted or unadjusted differences.

INDEPENDENT AUDITOR'S REPORT

- Our independent auditor's report will provide an unqualified opinion to the Mayor and Council.

INDEPENDENCE

- We confirm to the Mayor and Council that we are independent of the Town.
- Our letter to the Mayor and Council discussing our independence is included as Appendix A.

APPENDIX A - INDEPENDENCE COMMUNICATION

April 15, 2019

Members of Council
Town of Ladysmith
410 Esplanade, P.O. Box 220
Ladysmith, BC V9G 1A2

Dear Members of Council:

We have been engaged to audit the consolidated financial statements of Town of Ladysmith (the "Town") as at December 31, 2018 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the Town and its related entities or persons in financial reporting oversight roles at the Town and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the Town and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2018 to April 15, 2019.

We hereby confirm that MNP is independent with respect to the Town within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia as of April 15, 2019.

This report is intended solely for the use of Members of Council, management and others within the Town and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our upcoming meeting. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

The image shows a handwritten signature in black ink that reads "MNP LLP". The letters are stylized and slanted to the right.

MNP LLP
Chartered Professional Accountants



ABOUT MNP

MNP is one of the largest chartered accountancy and business consulting firms in Canada. For more than 65 years, we have proudly served and responded to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a cost-effective approach to doing business and personalized strategies to help you succeed.



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Independent Auditor's Report

To the Mayor and Council of the Town of Ladysmith:

Opinion

We have audited the consolidated financial statements of the Town of Ladysmith (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Nanaimo, British Columbia

April 15, 2019

Chartered Professional Accountants

DRAFT - For Discussion Purposes Only

STAFF REPORT TO COUNCIL

Report Prepared By: Julie Thompson, Planner

Date: April 8, 2019

Report Reviewed and Approved By: Felicity Adams, Director of Development Services

Meeting Date: April 15, 2019

File No: 3060-19-02

RE: COACH HOUSE DEVELOPMENT PERMIT APPLICATION – 417 WHITE STREET

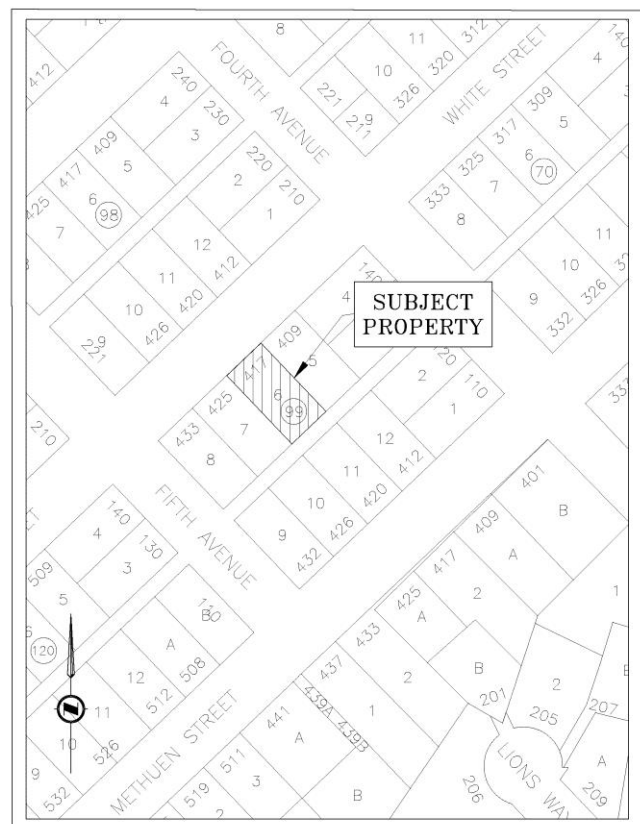
RECOMMENDATION:

That Council:

1. Issue DP 3060-19-02 to permit the issuance of a building permit for the construction of a two storey coach house on Lot 6 Block 99 District Lot 56 Oyster District Plan 703A (417 White Street).
2. Authorize the Mayor and Corporate Officer to sign DP 3060-19-02.

PURPOSE:

The purpose of this report is to present for Council’s consideration a Coach House Intensive Residential Development Permit (DP) application for a proposed coach house in the rear yard at 417 White Street.



PREVIOUS COUNCIL DIRECTION

None.

INTRODUCTION/BACKGROUND:

The applicant has submitted a DP application for a 60m² two storey coach house. The dwelling unit is proposed to be on the second storey with a garage on the first storey. The subject property borders a lane to the rear. There is currently a dwelling on the property fronting onto White Street.

SCOPE OF WORK:

The subject property falls within the Coach House Intensive Residential Development Permit Area (DPA 10), the objective of which is to provide guidance for the design and placement of coach houses on residential parcels while encouraging sustainable design practices. The proposed coach house design has been reviewed in relation to the DPA 10 guidelines.



Building Character & Design Guidelines

- The coach house is complementary in size to the neighbouring dwellings.
- The coach house is located in the rear yard of the property.
- The coach house exterior is proposed to be board and batten siding painted to match the colours of the principal dwelling.
- The coach house is proposed to be two storeys, 60m² and 6.6m in height, with a roof pitch of 4:12.
- The coach house entry is proposed to be accessed by an internal staircase to the second storey.

Rear yard at 417 White Street.

Accessibility & Livability

- A pathway from White Street to the coach house entry is proposed.
- An address signpost next to the pathway, visible from White Street, is proposed.
- The coach house is situated in the rear yard and will be partially visible from White Street.
- The upper level balcony is proposed to be 2.9m² in size and oriented toward the rear lane.
- The coach house design includes safety lighting.

- The proposed garage entry faces the rear lane.

Landscaping:

- A garbage and recycling enclosure will be provided for the coach house resident.
- A permeable parking space for the coach house resident is provided onsite near the coach house entry.
- A permeable surface is proposed between the coach house and the rear lane.
- The proposed design includes a 7.5m² permeable outdoor amenity space accessible from the coach house entry, and screened from the principal dwelling with a fence and plantings.

Rain Water Management:

- The applicant has proposed a rainwater collection system for landscaping and garden watering.

The proposed coach house meets the Zoning Bylaw regulations and the DPA 10 guidelines.

ALTERNATIVES:

While the issuance of a DP is not a completely discretionary decision of Council, Council may decide not to issue DP 3060-19-02 where the refusal is based upon a determination that the DP application does not meet the Development Permit guidelines. If the DP is refused then reasons must be given. The determination by Council must be in good faith and it must be reasonable, not arbitrary.

FINANCIAL IMPLICATIONS:

N/A

LEGAL IMPLICATIONS:

A DP is required prior to issuance of a building permit to construct a coach house dwelling.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

DP applications do not require statutory notice.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

The application has been referred to the Infrastructure Services Department and Building Inspector for review. Engineering and building requirements will be addressed at the time of building permit.

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Complete Community Land Use | <input type="checkbox"/> Low Impact Transportation |
| <input type="checkbox"/> Green Buildings | <input type="checkbox"/> Multi-Use Landscapes |
| <input type="checkbox"/> Innovative Infrastructure | <input type="checkbox"/> Local Food Systems |
| <input type="checkbox"/> Healthy Community | <input type="checkbox"/> Local, Diverse Economy |
| <input type="checkbox"/> Not Applicable | |

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|--|---|
| <input type="checkbox"/> Employment & Tax Diversity | <input type="checkbox"/> Natural & Built Infrastructure |
| <input type="checkbox"/> Watershed Protection & Water Management | <input type="checkbox"/> Partnerships |
| <input type="checkbox"/> Communications & Engagement | <input checked="" type="checkbox"/> Not Applicable |

SUMMARY:

A DP application has been received for a coach house dwelling at 417 White Street. The proposal has been reviewed in conjunction with the DPA 10 guidelines and the Zoning Bylaw.

I approve the report and recommendations.

Guillermo Ferrero

ATTACHMENTS:

DP 3060-19-02



TOWN OF LADYSMITH DEVELOPMENT PERMIT

(Section 489 *Local Government Act*)

FILE NO: 3060-19-02

DATE: April 15, 2019

Name of Owner(s) of Land (Permittee): David & Lianne Lockington

Applicant: David Lockington

Subject Property (Civic Address): 417 White Street

1. This Development Permit is subject to compliance with all of the bylaws of the Town of Ladysmith applicable thereto, except as specifically varied by this Permit.
2. This Permit applies to and only to those lands within the Town of Ladysmith described below, and any and all buildings structures and other development thereon:

Lot 6
Block 99
District Lot 56
Oyster District
Plan 703A
PID: 000-071-358
(referred to as the "Land")
3. This Permit has the effect of authorizing the issuance of a building permit for the construction of a two storey coach house dwelling on the Land in accordance with the plans and specifications attached to this Permit, and subject to the conditions, requirements and standards imposed and agreed to in section 5 of this Permit.
4. This Permit does not have the effect of varying the use or density of the Land specified in Town of Ladysmith Zoning Bylaw 2014, No. 1860.
5. The Permittee, as a condition of the issuance of this Permit, agrees:
 - a) To construct a two storey coach house dwelling that is a maximum of 60m² in size in accordance with the building designs shown in **Schedule A: Elevation Plan**, including:
 - i. **Placing an exterior light on the South Elevation of the coach house;**
 - ii. **Construction of a second-storey balcony that is a maximum of 2.9m² in size; and**
 - iii. **Finishing the exterior of the coach house with board and batten siding and a belly band between the first and second stories.**
 - b) To develop the Land as shown in **Schedule B: Site Plan** including:
 - i. **A permeable, 7.5m² amenity space that is screened from the primary dwelling with a fence and plantings;**

- ii. A minimum of one permeable parking space for the coach house resident;
- iii. A garbage and recycling enclosure for the coach house resident;
- iv. Placement of the coach house street address on a signpost so that it is visible from White Street; and
- v. Constructing the area between the rear lane and couch house with a permeable surface.

- 6. If the Permittee does not substantially start any construction permitted by this Permit within **two years** of the date of this Permit as established by the authorizing resolution date, this Permit shall lapse.
- 7. The plans and specifications attached to this Permit are an integral part of this Permit.
- 8. Notice of this Permit shall be filed in the Land Title Office at Victoria under s.503 of the *Local Government Act*, and upon such filing, the terms of this Permit (**3060-19-02**) or any amendment hereto shall be binding upon all persons who acquire an interest in the land affected by this Permit.
- 9. This Permit prevails over the provisions of the Bylaw in the event of conflict.
- 10. Despite issuance of this Permit, construction may not start without a Building Permit or other necessary permits.

AUTHORIZING RESOLUTION PASSED BY THE COUNCIL OF THE TOWN OF LADYSMITH ON THE DAY OF _____, .

Mayor (A. Stone)

Corporate Officer (J. Winter)

I HEREBY CERTIFY that I have read the terms and conditions of the Development Permit contained herein. I understand and agree that the Town of Ladysmith has made no representations, covenants, warranties, guarantees, promises or agreements (verbal or otherwise) with **David or Lianne Lockington** other than those contained in this Permit.

Signed

Witness

Title

Occupation

Date

Date

Signed

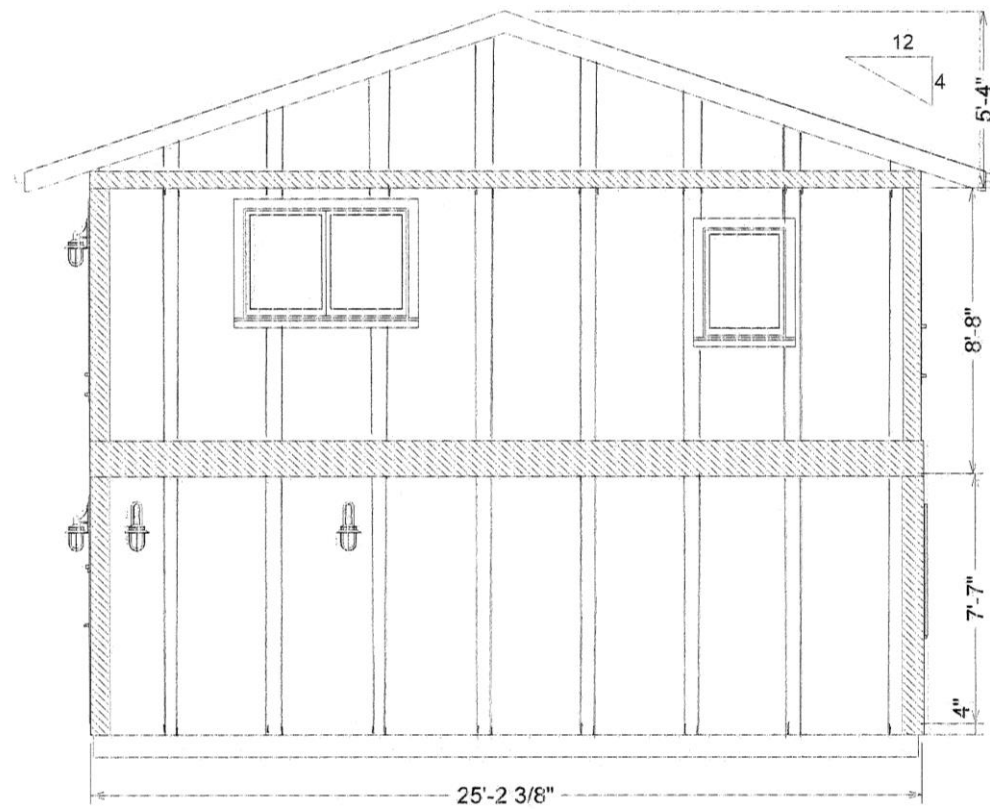
Witness

Title

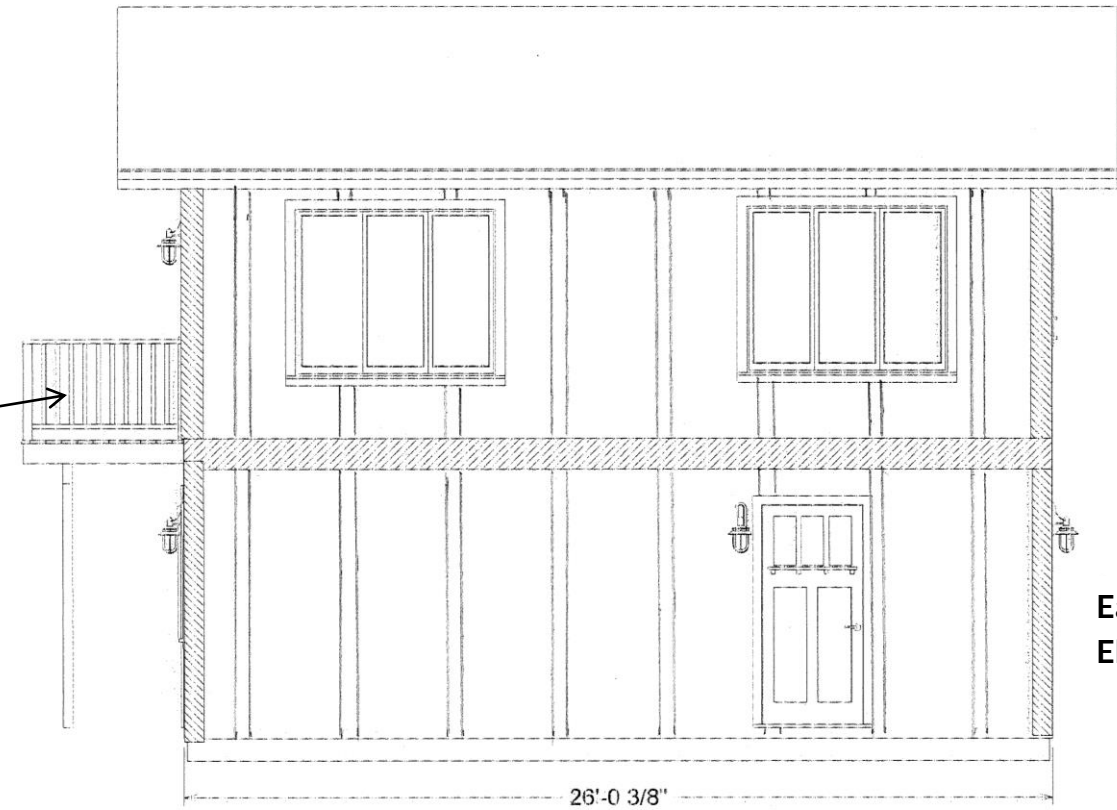
Occupation

Date

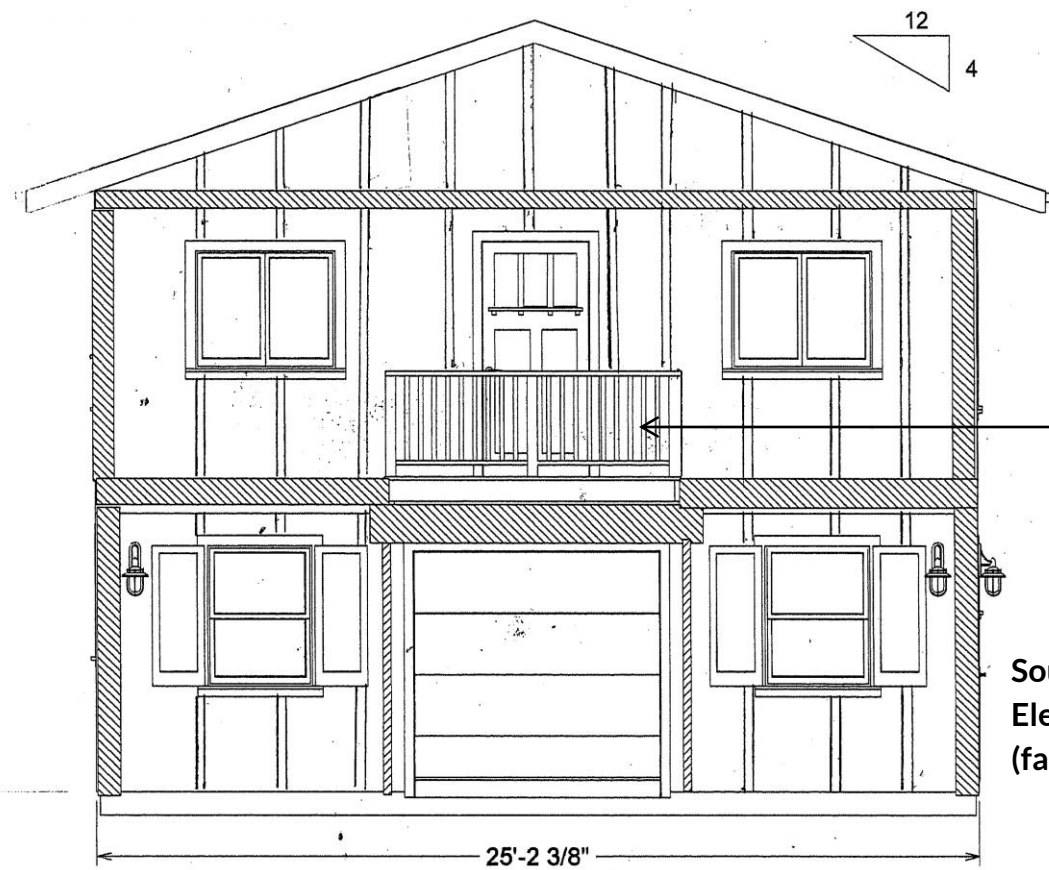
Date



**North
Elevation
(facing primary
dwelling)**



**East
Elevation**



**South
Elevation
(facing lane)**



**West
Elevation**

Schedule A: Elevation Plan
 Development Permit 3060-19-02
 David & Lianne Lockington
 417 White Street



Not to scale. All measurements are in metres.

Schedule B: Site Plan
 Development Permit 3060-19-02
 David & Lianne Lockington
 417 White Street

STAFF REPORT TO COUNCIL

Report Prepared By: Felicity Adams, Director of Development Services

Date: April 8, 2019

Meeting Date: April 15, 2019

File No: 3360-19-04

RE: ARTS AND HERITAGE HUB REZONING (Portion of Lot 4, Plan 45800)

RECOMMENDATION:

That Council:

1. Direct staff to proceed with the preparation of bylaws to amend the:
 - a. Zoning Bylaw to support the proposed uses in the Arts and Heritage Hub Concept Plan, and
 - b. Institutional (Arts and Heritage Hub) land use policies in the Waterfront Area Plan to recognize the potential for additional revenue generating uses within the Arts and Heritage Hub area.
2. Direct that the Town’s community and stakeholder consultation undertaken as part of the development of the Arts and Heritage Hub Concept Design Report be considered as the early and on-going consultation during the development of the OCP amendment, pursuant to s. 475 of the Local Government Act.

PURPOSE:

The purpose of this staff report is to seek direction from Council regarding the zoning of the Arts and Heritage Hub.

PREVIOUS COUNCIL DIRECTION

Resolution #	Meeting Date	Resolution
CS 2018-166	05/14/2018	That Council: 1. Proceed with third reading and final adoption of Bylaw 1950 cited as “Official Community Plan Bylaw 2003, No. 1488, Amendment Bylaw (No. 50) 2018, No. 1950”. [Note: Waterfront Area Plan was part of this OCP Bylaw amendment]
CS 2018-344	09/17/2018	That Council receive for information the Arts and Heritage Hub Concept Planning report.

INTRODUCTION/BACKGROUND:

The land use policies in the Waterfront Area Plan (WAP) support the establishment of an Arts and Heritage Hub (Hub) with culture-oriented uses, including artist studios, museums, community and recreational uses, cultural and interpretative centres, artifact restoration and display, carving sheds and art galleries. This area is within the Comprehensive Development 4 - Waterfront Reserve (CD-4) which is intended to be updated to support the implementation of the WAP. The current CD-4 zoning was adopted in 2014 to permit existing uses and new uses requiring limited infrastructure until further planning, analysis and consultation are completed. Amending the zoning is being undertaken in phases.

As a result of the successful grant funding for improvements to the Machine Shop, various community discussions took place in 2018 regarding the use of the buildings and grounds which led to the creation of the Arts and Heritage Hub Concept Design Report (Hub Concept Plan).

DISCUSSION:

As this CD-4 zoning does not currently permit artifact restoration, the LDHS was issued a temporary use permit (TUP) to permit the use of the Roundhouse building and adjacent fenced area for the restoration of the Locomotive #11 and the Humdirgen. The TUP expires October 3, 2019.

With the completion of the Hub Concept Plan and the upcoming expiry of the TUP, the current phase of this zoning work would be to ensure that the Hub can develop as outlined in this more detailed plan. Policy and land use amendments are recommended to facilitate both community and commercial uses on the site. Commercial uses are being considered to both further activate the site and as a potential revenue stream. Discussions have been taking place with potential business tenants.

Potential amendments to the CD-4 Zone could include adding to the list of permitted uses, such as: artifact restoration; brewery, distillery, bottling & distribution; coffee shop; restaurant; retail sales. And amending other regulations (e.g. building size, height) to support the potential new construction in the Hub area. The institutional land use policy in the WAP would also require amendment to recognize the potential for additional revenue generating uses within the Arts and Heritage Hub.

ALTERNATIVES:

Council can provide additional or different direction to staff regarding the proposed amendments; however, to accommodate artifact restoration on the site and the potential for additional lease revenue, additional policy and zoning changes should be considered.

FINANCIAL IMPLICATIONS:

After first reading of the OCP bylaw, Council must consider the OCP amendment in conjunction with the Financial Plan. The proposed WAP amendment would have a positive impact on the financial plan as it is intended to support commercial lease paying tenants which would be revenue to the Town.

LEGAL IMPLICATIONS:

After first reading, Council must also consider the OCP amendment in conjunction with the Liquid Waste Management Plan. The Arts and Heritage Hub area is currently serviced. A servicing study is underway to determine the scope of upgrades needed for the overall Waterfront Area Plan.

As an OCP amendment is proposed, a public hearing will be required to be held. Statutory notice is required in the newspaper and within 60m circulation area. In addition, information will be available on the Town’s website and community notice boards, and on the property.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

S. 475 of the Local Government Act provides that Council must consider whether early and on-going consultation is needed and with consideration to certain listed governments and agencies. The broad community, agencies, land owners and Stz’uminus First Nation were involved extensively in the creation of the Waterfront Area Plan which established the Arts and Heritage Hub. The community was also involved in the creation of the Hub Concept Plan. The WAP supports protecting and maintaining the machine shop and area for on-going use, and as a central anchor within the plan area. It is expected that the public will be supportive of land use policy and regulations to further support the Arts and Heritage Hub.

If the Town’s new Community Planning Advisory Committee (CPAC) has been appointed during the processing of this application, the Zoning Bylaw amendment would fall within the scope of the committee’s mandate, if Council wished to refer the matter to the CPAC. The policy amendment would be referred to Stz’uminus First Nation pursuant to the Town/SFN memorandum of understanding.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

The Project Manager - WAP Implementation is working with the Director of Parks, Recreation and Culture on the Arts and Heritage Hub project. The application will be referred to Infrastructure Services.

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Complete Community Land Use | <input type="checkbox"/> Low Impact Transportation |
| <input type="checkbox"/> Green Buildings | <input type="checkbox"/> Multi-Use Landscapes |
| <input type="checkbox"/> Innovative Infrastructure | <input type="checkbox"/> Local Food Systems |
| <input type="checkbox"/> Healthy Community | <input checked="" type="checkbox"/> Local, Diverse Economy |
| <input type="checkbox"/> Not Applicable | |

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Employment & Tax Diversity | <input type="checkbox"/> Natural & Built Infrastructure |
| <input type="checkbox"/> Watershed Protection & Water Management | <input type="checkbox"/> Partnerships |

Communications & Engagement

Not Applicable

SUMMARY:

With the completion of the Hub Concept Plan and discussions regarding new uses to be introduced into the Hub area, amendments are recommended to the land use policy and zoning of the Hub area.

I approve the report and recommendations.

Guillermo Ferrero

STAFF REPORT TO COUNCIL

Report Prepared By: Clayton Postings, Director Parks, Recreation and Culture

Date: April 8, 2019

Meeting Date: April 15, 2019

File No:

RE: CHILD CARE NEW SPACE FUND

RECOMMENDATION:

That Council direct staff to investigate with the Boys and Girls Clubs of Central Vancouver Island the opportunity to submit an application to the Ministry of Children and Family Development under the Child Care New Space Fund for up to \$1 million for additional child care space at the Boys and Girls Club building at 220 High Street, thereby increasing available child care spaces in the community.

PURPOSE:

The purpose of this report is to seek direction from Council on whether to proceed with a grant application for child care space creation.

PREVIOUS COUNCIL DIRECTION

CS 414-2018

That Council:

- Direct staff to work with community partners, including the CVRD, toward developing applications for the UBCM Community Child Care Planning and Community Child Care Space Creation Program, and the Childcare BC New Spaces Fund;
- Request staff to provide Council with the recommendations from the community partners on ways this new funding opportunity can create new child care spaces in the community.

INTRODUCTION/BACKGROUND:

At its meeting on October 15, 2018, Council provided direction in regards to staff working with community partners to apply for the UBCM Community Child Care Planning Program, and for staff to investigate additional grants related to Child Care Space Creation Programs.

The Town and regional partners did submit an application for the Community Child Care Planning Program, and are hoping to receive confirmation of the status of the application in

the coming weeks.

The existing Child Care New Space Fund program, offered through the Ministry of Children and Families, offers up to 100 per cent funding of up to \$1 million for the creation of new child care spaces. The 100 per cent means that the Town would not have to contribute any funds towards the grant project.

[Link to Child Care New Space Fund program \(click\)](#)

The funding program requires that the Town owns the building where the new spaces would be located. Currently the only site which the Town owns and which is providing child care is the building currently leased by Boys and Girls Club. The funding program also requires a 15 year commitment for child care if the funding is received. The existing child care operator of the program, the Boys and Girls Club, would continue to operate the expanded service. It is anticipated that the space would create an additional 12 new infant/toddler spaces.

This location and the fact that there is a current provider in place would meet the requirements outlined in the grant criteria. It is recommended that future applications be based on the outcome of the regional child care planning project.

The Boys and Girls Clubs of Central Vancouver Island have indicated that they would be the lead on this project should the funding be successful. It is recommended that, should the grant application proceed, a partnering agreement be prepared outlining the organization's responsibilities and service commitments.

Attached is a concept drawing of the proposed new addition to the building.

ALTERNATIVES:

Council can choose:

- Not to with an application for space creation until the regional planning project is complete and outcomes are identified.

FINANCIAL IMPLICATIONS:

If the existing space at the Boys and Girls Club facility is expanded, the Town will require a review of the existing lease agreement with the organization to ensure the additional space is considered in the operating costs and recovery.

LEGAL IMPLICATIONS:

None identified.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

All community partner organizations who directly connect with families and childcare have indicated the need for additional child care space in the community. There currently is no

report confirming this, however the information being received is consistent and it seems to be accurate relating to the need for more childcare spaces.

The current enrollment at the Boys and Girls Club program is full for Infant and Toddler and Group Childcare. There is a waitlist of 17 children, and more calls are received each day about availability.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

The project would require assistance from Financial Services, Development Services and Legislative Services throughout the project as it relates to leases, financial agreements and development applications.

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

- | | |
|---|--|
| <input type="checkbox"/> Complete Community Land Use | <input type="checkbox"/> Low Impact Transportation |
| <input type="checkbox"/> Green Buildings | <input type="checkbox"/> Multi-Use Landscapes |
| <input type="checkbox"/> Innovative Infrastructure | <input type="checkbox"/> Local Food Systems |
| <input checked="" type="checkbox"/> Healthy Community | <input type="checkbox"/> Local, Diverse Economy |
| <input type="checkbox"/> Not Applicable | |

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|--|--|
| <input type="checkbox"/> Employment & Tax Diversity | <input checked="" type="checkbox"/> Natural & Built Infrastructure |
| <input type="checkbox"/> Watershed Protection & Water Management | <input checked="" type="checkbox"/> Partnerships |
| <input type="checkbox"/> Communications & Engagement | <input type="checkbox"/> Not Applicable |

SUMMARY:

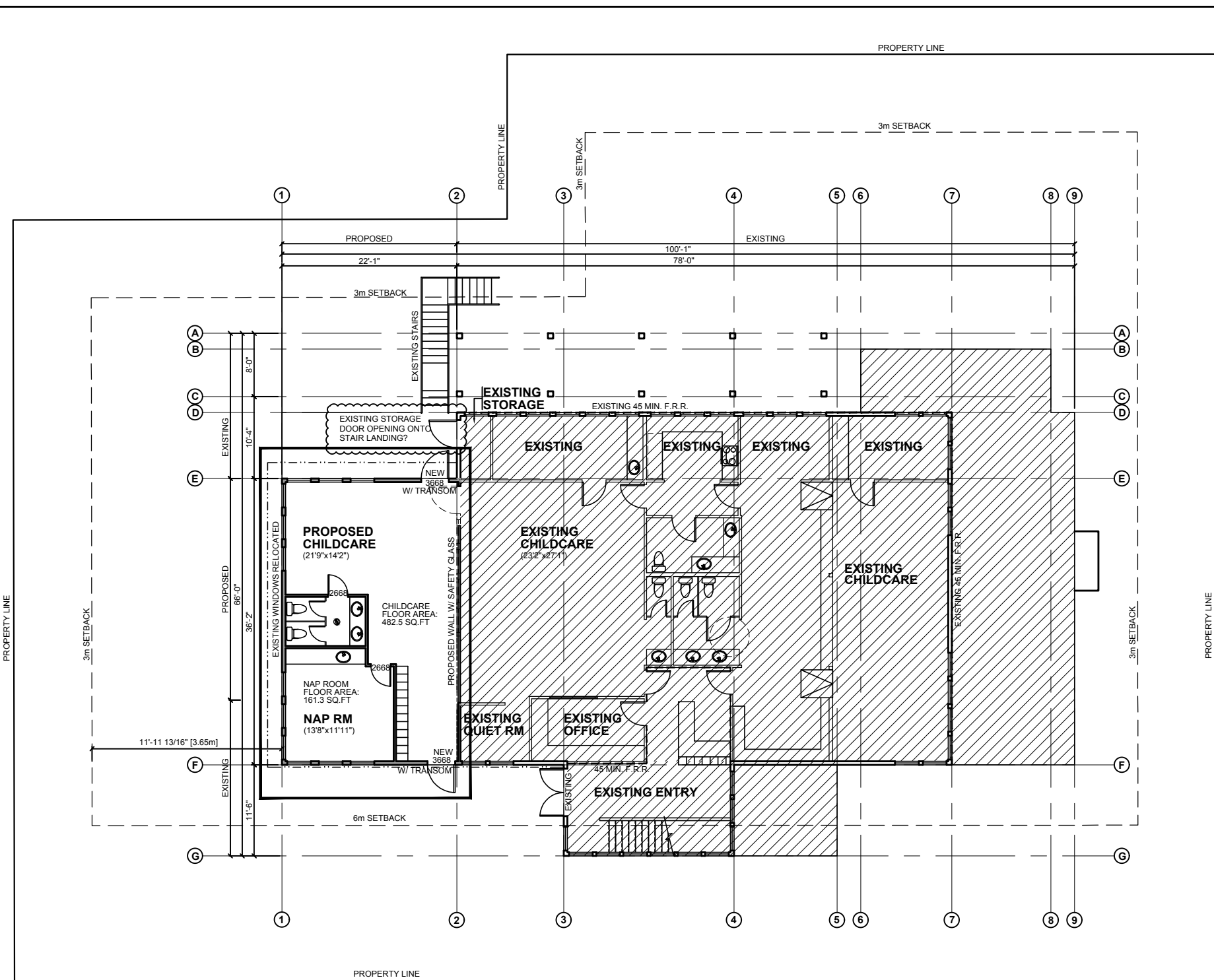
There are unprecedented funding programs now offered by the Union of British Columbia Municipalities (UBCM) and the Province of BC to help local government plan for and build new child care spaces. The Town has an opportunity to receive 100 per cent funding for the creation of these spaces.

I concur with the recommendation.

Guillermo Ferrero, City Manager

ATTACHMENT(S)

Concept of additional child care space at Boys and Girls Club building

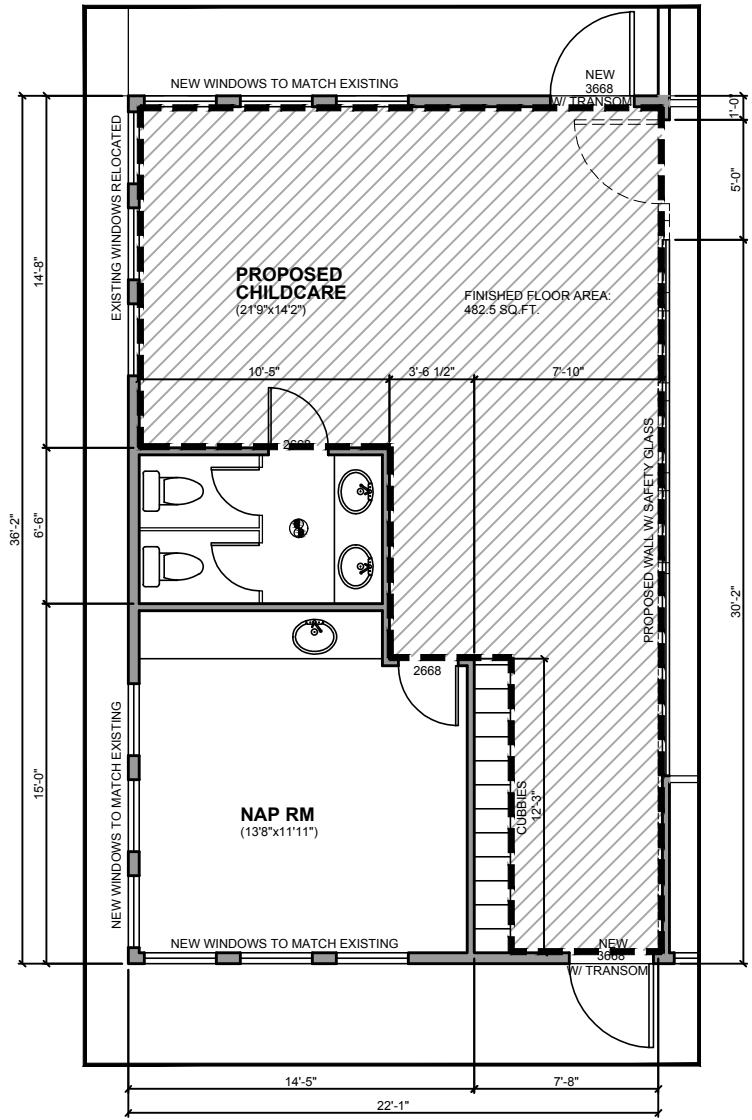


UPPER FLOOR PLAN
 PROPOSED FLOOR AREA: 804.71 SQ.FT. SCALE: 1/8"=1'-0"

DRAFT

WALL LEGEND

	EXISTING AREA		EXISTING FRAMING
	PROPOSED AREA		PROPOSED FRAMING
			FRAMING REMOVED
			EXISTING 45 MIN. F.R.R.



UPPER FLOOR PLAN
PROPOSED ADDITION SCALE: 1/4"=1'-0"

HALF SCALE SHOWN FOR 11"x17" FORMAT

DRAFTING SERVICES PROVIDED BY:
 CAD PRINTS - Precision Drafting Services
 1240 FAIR ROAD
 PARKSVILLE, B.C.
 V9P 2C7
 PHONE: 250-240-2586
 EMAIL: eowyn@cadprints.net
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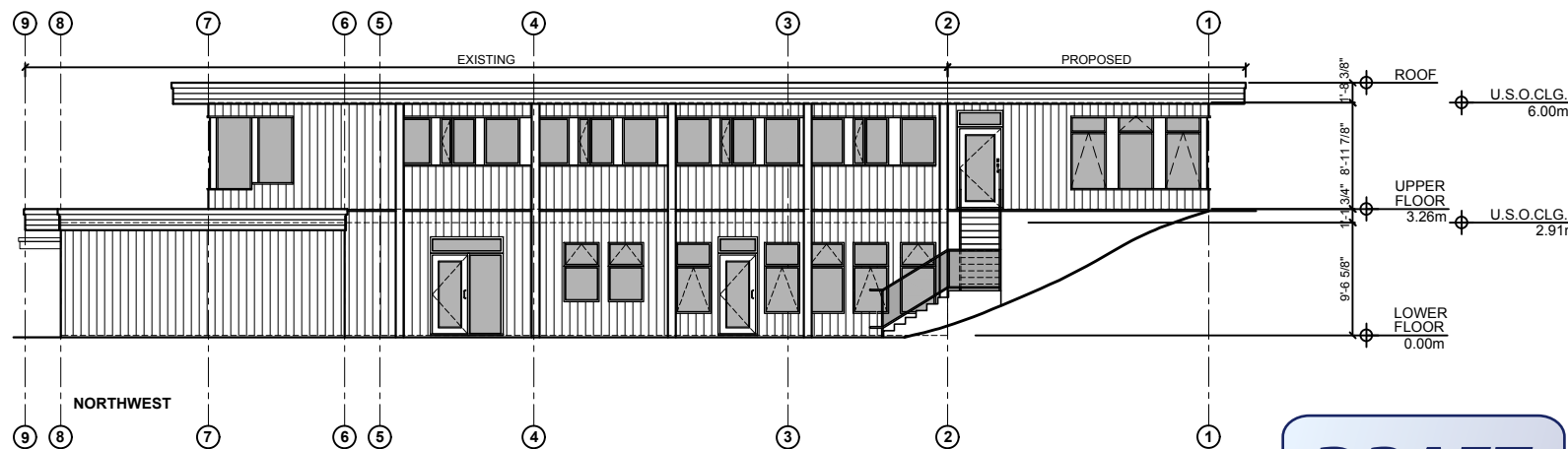
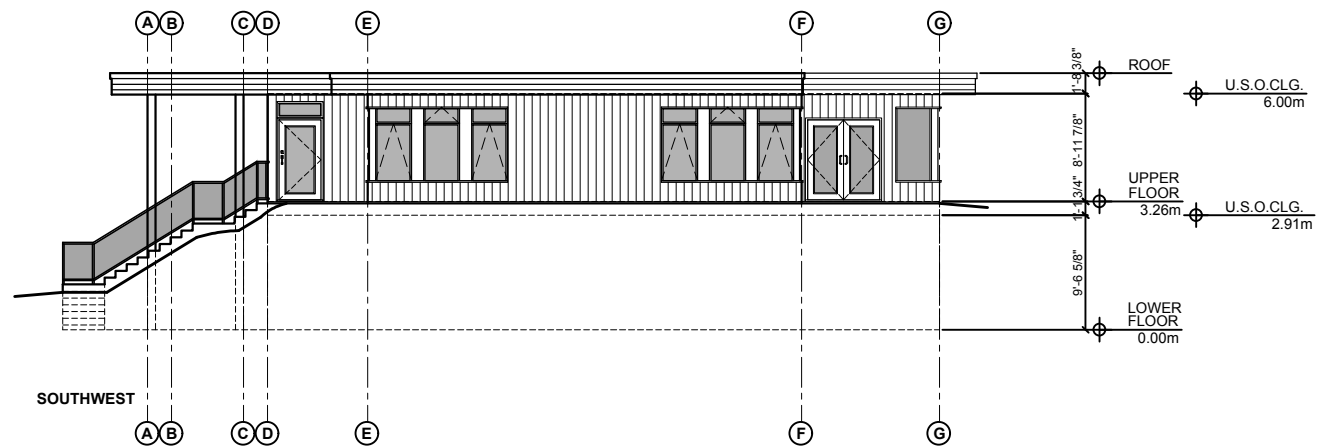
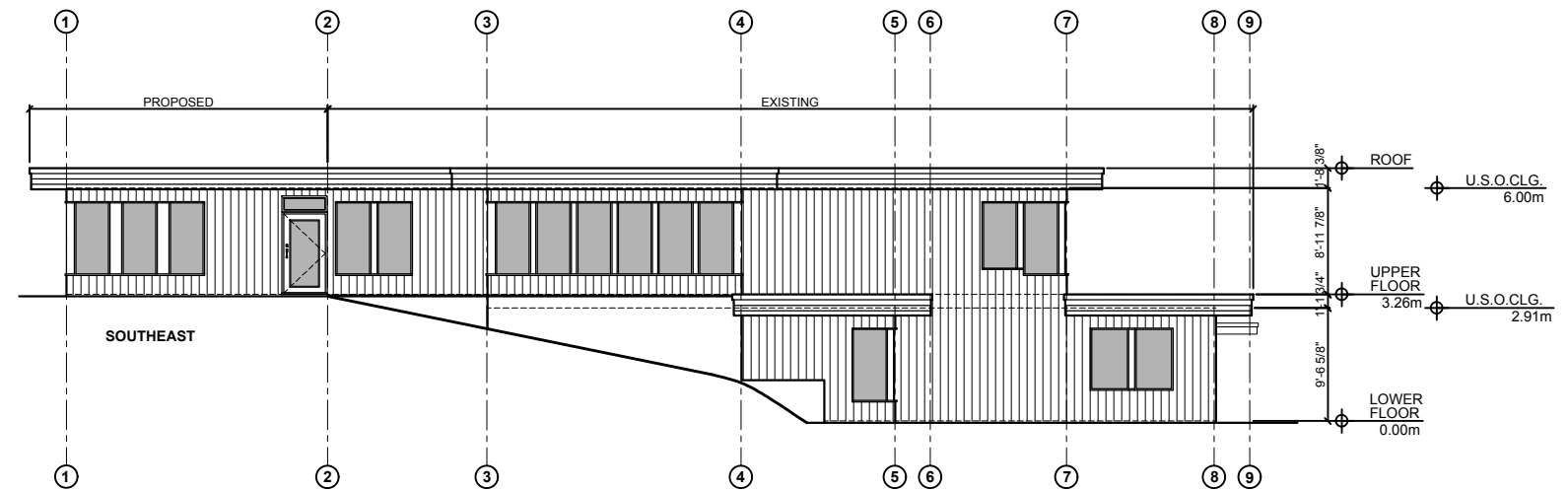
CERTIFIED DRAFTING TECHNICIAN
 REGISTERED ASSOCIATE MEMBER
 ASTBC - APPLIED SCIENCE OF TECHNOLOGISTS & TECHNICIANS
 MEMBER # 34546
 B.L. # 4711

Boys & Girls Club Child Care Centre - Addition

220 High Street, Ladysmith, B.C., V9G 1A2

DATE:		PLANS CHECKED BY:
02/27/2019	ISSUED FOR REVIEW	W.H., S.I.

Project Name:	CHILDCARE ADDITION	
Created By:	EJC	A1/2
Job No.:	EJC0023	



ELEVATIONS

SCALE: 1/8"=1'-0"

DRAFT

HALF SCALE SHOWN FOR 11"x17" FORMAT

DRAFTING SERVICES PROVIDED BY:
 CAD PRINTS - Precision Drafting Services
 1240 FAIR ROAD
 PARKSVILLE, B.C.
 V9P 2C7
 PHONE: 250-240-2586
 EMAIL: eowyn@cadprints.net
 © 2018, EOWYN CHRISTENSEN

CERTIFIED DRAFTING TECHNICIAN
 REGISTERED ASSOCIATE MEMBER
 ASTTBC - APPLIED SCIENCE OF
 TECHNOLOGISTS & TECHNICIANS
 MEMBER # 34546
 B.L. # 4711

**Boys & Girls Club
 Child Care Centre - Addition**
 220 High Street, Ladysmith, B.C., V9G 1A2

DATE:	ISSUED FOR REVIEW	PLANS CHECKED BY:
02/27/2019	ISSUED FOR REVIEW	W.H., S.I.

Project Name:	CHILDCARE ADDITION	
Created By:	EJC	A2/2
Job No.:	EJC0023	

INFORMATION REPORT TO COUNCIL

Report Prepared By: Julie Tierney, Administrative Services Supervisory, PR&C
Date: April 8, 2019
Report Reviewed By: Clayton Postings
Director, Parks, Recreation and Culture
Meeting Date: April 15, 2019
File No: 8160-01
RE: COMMUNITY-DRIVEN CAPITAL PROJECTS

RECOMMENDATION:

That Council approve the Community-Driven Capital Project Policy as presented.

PURPOSE:

The purpose of this report is to provide Council with comments and feedback about the proposed Community-Driven Capital Policy from the Parks, Recreation and Culture Advisory Committee.

PREVIOUS COUNCIL DIRECTION

CS 2018-34

That Council direct staff to draft a Community Driven Capital Project Policy for Council's approval that will provide clarity for community groups, staff and the public regarding the process to determine the feasibility of a community driven capital project and manage expectations of the parties involved if projects are supported.

CS 2019-099

That Council refer the Community-Driven Capital Project Policy to the Parks, Recreation and Culture Advisory Committee and request that the Committee provide Council with comments and feedback.

DISCUSSION:

The Parks, Recreation and Culture Advisory Committee reviewed the draft policy at its meeting held on March 20, 2019 and agreed that the policy provides guidelines that would help both staff and community groups and organizations, will clarify deliverables and frame timely discussions.

The Committee made the following recommendation to Council:

2019-10: That the Parks, Recreation and Culture Advisory Committee recommend that Council consider approving the Community-Driven Capital Project Policy.

SUMMARY POINTS

The Town of Ladysmith has supported the development of many community-initiated capital projects and has a strong history of collaborating with the community groups to deliver capital projects to enhance parks, recreation, sport and culture experiences. The development of a policy with clear guidelines will provide clarity for community groups, staff and the public regarding the process, and will aid in the determination and feasibility of a community-driven capital project while managing expectations of the parties involved.

I concur with the recommendation.

Guillermo Ferrero, City Manager

ATTACHMENT(S)

Draft Community-Driven Capital Project Policy

TOWN OF LADYSMITH
POLICIES AND PROCEDURE MANUAL

TOPIC:	DRAFT – COMMUNITY-DRIVEN CAPITAL PROJECT POLICY		
APPROVED BY:	Council	DATE:	November 19, 2018
RESOLUTION #:	CS 2018-457		
	<i>(Amended from)</i>		

Purpose

The purpose of this policy is to establish guidelines for partnering with the community groups to deliver capital projects to enhance parks, recreation, sport and culture experiences.

These guidelines will provide clarity for community groups, staff and the public regarding the process and aid in the determination and feasibility of a community-driven capital project while managing expectations of the parties involved if projects are supported.

Principles

The following principles will be applied to projects:

- Facilities developed with Town funding and / or on Town land must be open and accessible to all residents of Ladysmith
- Projects will only be considered for approval where they are supported by a business plan that indicates that the completed project is sustainable over the long term
- Any projects that require capital funding from the Town are subject to the availability of funding within the Department’s capital budget.

The following items are eligible for requested cost sharing:

- Concept and detailed design costs
- Construction costs including contingencies
- Site development costs
- Development and building permits
- Fixed equipment

Community partners must be legally constituted, incorporated non-profit organizations such as, but not limited to community associations, sports organizations, or clubs. Due to capital budgets being developed in the summer and fall of the previous year with Council approvals in April/May it will be recommended that projects are best proposed in the winter/spring one year prior to budget approvals by Council.

Application Guidelines for Major Capital Projects (exceeds \$10,000)

These guidelines apply to major capital projects for new facilities and expansions on Ladysmith owned or leased property that result in a fixed asset (renovations or additions to existing facilities may be exempt if they do not create significant change in use and no significant impacts to park users and

neighbours).

Step 1 – Determining Project Feasibility

A community organization or group considering a community driven capital project that would be constructed on Town land and/or require the Town's financial assistance, is to present its idea to the Director of Parks, Recreation and Culture. The Director will provide advice and guidance on the process.

The proposal would then be submitted to Council for consideration. If Council determines that the project is in the community's and Town's interest and helps achieve the goals of the Town, staff will be directed to work with the community group to develop a project agreement outlining the proposed public process, preliminary budget, and alignment with Parks, Recreation and Culture Master Plan.

Step 2 – Approval in Principle

The community may be required to present a project business plan to Council for approval in principle. The presentation may include any of the following or other information requested by Council:

1. A description of the project, its benefit to the community including reference to community master plans if applicable, and any potential environmental impacts
2. A conceptual drawing and a site plan
3. An estimated project budget including all funding sources (cash, grants, loans, donations and volunteer hours) and any financial assistance that is being requested from the Town
4. An estimated operating budget and how the project will be operated and/or maintained
5. A detailed fundraising plan
6. An estimated project timeline
7. A public engagement plan

Step 3 – Approval to Proceed

If Council approves the project, the organization may then initiate the public engagement process, a fundraising campaign and develop more detailed project plans. Before the project proceeds, the community organization must present to Council:

1. Results of public engagement
2. Construction drawings and specifications
3. A detailed site plan
4. A project budget including written quotes for all work
5. A construction plan and schedule
6. An operating plan and budget

Based on these items, a partnership agreement stating the intentions of each party, shared project objectives and outcomes will be developed and signed off prior to project start up. All capital projects built on Town property become the property of the Town of Ladysmith.

Minor Capital Projects

In cases where the project is deemed to be minor capital project and where it aligns with existing department plans and does not require Town funding or resources. The Director may be assigned the responsibility to work with the organization presenting the project to confirm all requirements are in place and the Director has the authority to approve the project.

INFORMATION REPORT TO COUNCIL

Report Prepared By: Julie Tierney, Administrative Supervisor, PRC
Date Prepared: April 9, 2019
Reviewed and Approved by: Clayton Postings, Director, Parks, Recreation & Culture
Meeting Date: April 15, 2019
File No: 7710-20
RE: PROPOSED POET LAUREATE PROGRAM

RECOMMENDATION:

That Council consider whether it wishes to proceed with the proposed Poet Laureate program at this time.

PURPOSE:

The purpose of this report is to provide Council with comments and feedback from the Parks, Recreation and Culture Advisory Committee regarding the proposed Poet Laureate Program.

PREVIOUS COUNCIL DIRECTION:

CS 2019-075

That Council refer the Draft Poet Laureate Terms of Reference to the Parks, Recreation and Culture Advisory Committee for comment.

CS 2018-461

That Council refer to the Parks, Recreation and Culture Advisory Committee the recommendation by the Ladysmith and District Arts Council in their correspondence dated October 18, 2018, to appoint John Edwards as the first poet laureate for the Town of Ladysmith.

DISCUSSION:

A Poet Laureate program for Ladysmith was proposed by the Arts Council in a letter considered by Council late last year. As requested by Council, the Parks, Recreation and Culture Advisory Committee members have now reviewed the draft Terms of Reference for a Poet Laureate Program, recommending that the involvement of youth be included in the terms of reference.

Committee Recommendations

2019-08: That the Parks, Recreation and Culture Advisory Committee support the Poet Laureate draft policy as presented.

2019-09: That the Parks, Recreation and Culture Advisory Committee recommend that Council consider including the involvement of youth in the terms of reference.

Staff Recommendation

Since the program was introduced to Council and reviewed by the Parks, Recreation and Culture Advisory Committee, staff have carried out a more detailed review of the time and resources required to implement the program. Due to the number of existing priorities, it is recommended that the Poet Laureate program not proceed at this time. The program can be considered at a future date when there are sufficient time and resources to launch the program in the appropriate manner.

SUMMARY POINTS

The Poet Laureate program was an idea presented to Council by the Arts Council of Ladysmith and District. The concept is currently in practice in other communities and staff are recommending that the Town implement the policy at a later time, as resources permit.

I concur with the recommendation.

Guillermo Ferrero, City Manager

ATTACHMENT(S)

Poet Laureate Program – Town of Ladysmith

Appendix A

Town of Ladysmith DRAFT Policy - Poet Laureate

Terms of Reference

1. Eligibility Criteria

- published poets who are currently residents in the Town of Ladysmith or CVRD;
- who have either an established body of work or been recognized for notable contributions in their career;
- have produced a minimum of two published works, as well as other publications that display literary excellence; and
- some of their work should be relevant to Ladysmith or CVRD and/or subjects that comment on the life of the town and/or region.

2. Selection Criteria

- excellence of the poet's work;
- publication of a significant number of works;
- have made a significant contribution to poetry and the literary life of Ladysmith;
- reputation as a poet of stature;
- have influenced other local writers and poets;
- viability of the proposed poetry/civic events; and
- potential impact on the community of the proposed poetry/civic events.

3. Selection Process

Eligible poets will be invited to submit proposals which should include the following materials:

- curriculum vitae;
- examples of past published work;
- proposal detailing exactly how the poet would propose to represent the Town of Ladysmith and interact in civic life; and
- confirmation of place of residence.

Nominations will also be accepted where the nominee has agreed in writing and provided the materials outlined above.

The nomination/application deadline is DATE. Following the deadline, the Parks, Recreation and Culture Advisory Committee, in addition to two representatives from the Arts Council of Ladysmith and District as well as a representative from the Parks, Recreation and Culture Department will review all submissions and make a recommendation to Town Council. The successful Poet Laureate will be announced by the Town during National Poetry Week in April.

4. Duties

The Poet Laureate will be expected to:

- participate in the literary life of the Town;
- produce new original works during their term that reflect or represent ideas and issues of importance to the people of Ladysmith;
- present, in person, works of significance at civic events, Town Council meetings, or official functions; and
- such other duties as are proposed in their submission and are deemed viable by the Assessment Committee.

5. Term and Remuneration

The Poet Laureate will be selected for a period of two years commencing in April. An annual stipend of \$1,200 will be provided.

6. Intellectual Property

All writing, notes and original materials produced during the tenure of the Poet Laureate will remain the property of the Poet Laureate.

STAFF REPORT TO COUNCIL

Report Prepared By: Erin Anderson, Director of Financial Services

Report Review and Approved By: Guillermo Ferrero, CAO

Meeting Date: April 15, 2019

File No:

RE: DISTRIBUTION OF THE 2019 PROPERTY TAXES

RECOMMENDATION:

That Council: Direct staff to prepare the 2019 Financial Plan and Tax Rates Bylaws based on Option #2A of allocating 3.54% after non-market change and maximizing the Class 2 rate.

PURPOSE:

The purpose of this report is to obtain Council’s direction on allocating the tax levy across the various property classes. This information is necessary to prepare the 2019-2023 Financial Plan. Here is a summary of the options presented in this report:

	2018	Option #1	Option #2	Option #2A	Option #3	Option #3A	Option #4	Option #5
1 Residential	73.02%	73.02%	72.93%	72.84%	73.31%	73.17%	73.18%	84.76%
2 Utilities	0.35%	0.35%	0.39%	0.57%	0.39%	0.56%	0.57%	0.29%
3 Supportive Housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 Major Industry	11.84%	11.84%	12.01%	12.01%	11.83%	11.82%	11.60%	1.82%
5 Light Industry	0.77%	0.77%	0.67%	0.67%	0.66%	0.66%	0.67%	0.59%
6 Business/Other	13.73%	13.73%	13.72%	13.63%	13.52%	13.51%	13.69%	12.05%
7 Managed Forest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 Rec/Non-Profit	0.28%	0.28%	0.27%	0.27%	0.27%	0.27%	0.27%	0.49%
9 Farm Land	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%

PREVIOUS COUNCIL DIRECTION

CS 2019-039	01/24/2019	That Council confirm: 1. The 2019 General Property Tax Levy at \$7,130,506; 2. The 2019 Police Taxation Levy at \$1,320,624; and 3. The 2019 Vancouver Island Regional Library Levy at \$414,050. OPPOSED: Councillors Jacobson and Virtanen.
CS 2019-004	01/07/2019	That Council confirm that: (A) Ten percent (10%) of the previous year’s municipal tax levy will be allocated to General Capital Projects for the 2019-2023 Financial Plan; and (B) Five percent (5%) of the previous year’s municipal tax levy will be allocated to General Capital Reserve.

**From the 2018 – 2022 Financial Plan –
Statement of Objectives and Policies**

Distribution of Property Tax Rates

Table 2 outlines the distribution of property taxes among the property classes. The residential property class provides the largest proportion of property tax revenue. This is appropriate as this class also forms the largest portion of the assessment base and consumes the majority of Town services.

Objectives

- The amount of taxes to be collected from each of the classes will be reviewed each year.

Policies

- Supplement, where possible, revenues from user fees and charges to help to offset the burden on the entire property tax base.
- Continue to maintain and encourage economic development initiatives designed to attract more light industry, retail and commercial businesses to invest in the community. Align the distribution of tax rates among the property classes with the social and economic goals of the community, particularly to encourage economic and environmental sustainability opportunities.
- Regularly review and compare the Town’s distributions of tax burden relative to other municipalities in British Columbia.

Table 2: Distribution of 2018 Property Tax Rates

Property Class	% of Total Property Taxation
Residential (1)	73.02%
Utilities (2)	0.35%
Supportive Housing (3)	0.00%
Major Industry (4)	11.84%
Light Industry (5)	0.77%
Business and Other (6)	13.73%
Managed Forest Land (7)	0.00%
Recreation/Non-profit (8)	0.28%
Farmland (9)	0.01%
Total	100%

INTRODUCTION/BACKGROUND:

On January 24, 2019, Council confirmed the amounts to be included in the 2019-2024 Financial Plan bylaw for a total of \$8,865,180 (Municipal - \$7,130,506, Police - \$1,320,624 and Library \$414,050). This is a budget increase of 6.3% though when non market change is factored in, the budget increase is 3.54%. This includes the changes in the Library tax which saw an increase of \$27,336 the additional 0.5 FTE RCMP officer in police tax, and other approved changes.

This amount is the assessment based property tax levy which is separate from a parcel tax levy. This amount is to be distributed across the property classes in accordance with multiple legislation requirements.

There are 7 options presented to allocate \$8,865,180:

- Option #1 – same percentage as 2018
- Option #2 – all classes allocated 3.54% after non-market change
- Option #2A – all classes allocated 3.54% after non-market change & adjust Class 2
- Option #3 – half the increase of residential class to Class 4, 5 & 6
- Option #3A – half the increase of residential class to Class 4, 5 & 6 & adjust Class 2
- Option #4 – no increase to class 4 after NMC
- Option #5 – using Provincial Multiples

Following each option presented is the impact to an average single-family residential property with an assessed value of \$426,000 in 2019, up approximately 11% in market value over 2018 as well as a median commercial property valued at 185,100 in 2019, up from approximately 3% over 2018 values.

Option #1 – same percentage as 2018

If each property class were to receive the same percentage of the \$8,865,180 tax levy as they did in 2018, the rates would be:

Class	Rate	Levy \$	% of 2019 Levy	Multiple
1 Residential	4.0335	6,473,354	73.02%	1.000
2 Utilities	19.9217	31,028	0.35%	4.939
3 Supportive Housing	4.0335	0	0.00%	1.000
4 Major Industry	103.2955	1,049,637	11.84%	25.609
5 Light Industry	20.9104	68,262	0.77%	5.184
6 Business/Other	13.0734	1,217,189	13.73%	3.241
7 Managed Forest Land	0.0000	0	0.00%	0.000
8 Rec/Non-Profit	2.6839	24,823	0.28%	0.665
9 Farm Land	36.2337	887	0.01%	8.983

Impact:

	Dollar	%
Average SFD	60.79	3.67
Median Class 6	83.05	3.55

This option does not take into consideration the non-market change amount of approximately \$220k nor does it maximize the legislative amounts that can be charged to Class 2 – Utilities.

Option #2 – allocate 3.54% to all classes after non-market change

Taking into consideration the growth over the last year as well as a commercial property where the revitalization tax exemption has expired, there is approximately \$220,000 in non-market change growth. Taking this growth into consideration and then allocating the difference based on the same percentage, the following tax rates would be:

Class	Rate	Levy \$	% of 2019 Levy	Multiple
1 Residential	4.0284	6,465,179	72.93%	1.000
2 Utilities	22.3698	34,841	0.39%	5.553
3 Supportive Housing	4.0284	0	0.00%	1.000
4 Major Industry	104.7610	1,064,529	12.01%	26.006
5 Light Industry	18.2199	59,479	0.67%	4.523
6 Business/Other	13.0637	1,216,281	13.72%	3.243
7 Managed Forest Land	28.9552	194	0.00%	7.188
8 Rec/Non-Profit	2.5757	23,823	0.27%	0.639
9 Farm Land	34.8856	854	0.01%	8.660

Impact:

	Dollar	%
Average SFD	58.66	3.66
Median Class 6	81.25	3.56

Option #2A - allocate 3.54% to all classes after non-market change and maximize Class 2 Cap

BC Reg 329/96 within the *Community Charter* states that Class 2 Utilities tax levy not exceed the greater of \$40 for each \$1,000 and not to exceed 2.5 times the Class 6 Business/Other Rate.

In Scenario #2, the Class 2 rates is currently 1.7 times the Class 6 rate. If Council wishes to maximize the Class 2 rate and reallocate approximately \$16,000 between Class 1- Residential and Class 6 Business, the rates would be:

Class	Rate	Levy \$	% of 2019 Levy	Multiple
1 Residential	4.0235	6,457,331	72.84%	1.000
2 Utilities	32.4482	50,538	0.57%	8.065
3 Supportive Housing	4.0235	0	0.00%	1.000
4 Major Industry	104.7610	1,064,529	12.01%	26.037
5 Light Industry	18.2199	59,479	0.67%	4.528
6 Business/Other	12.9794	1,208,432	13.63%	3.226
7 Managed Forest Land	28.9552	194	0.00%	7.197
8 Rec/Non-Profit	2.5757	23,823	0.27%	0.640
9 Farm Land	34.8856	854	0.01%	8.670

Impact:

	Dollar	%
Average SFD	56.53	3.41
Median Class 6	65.65	2.81

Option #3 – Classes 4, 5 & 6 increased at half of the Residential rate

Taking into consideration the growth over the last year as well as a commercial property where the revitalization tax exemption has expired, there is approximately \$220,000 in non-market change growth. Taking this growth into consideration and then allocating the difference based on the same percentage, the following tax rates would be:

Class	Rate	Levy \$	% of 2019 Levy	Multiple
1 Residential	4.0495	6,499,058	73.31%	1.000
2 Utilities	22.2844	34,708	0.39%	5.503
3 Supportive Housing	4.0495	0	0.00%	1.000
4 Major Industry	103.2445	1,049,119	11.83%	25.496
5 Light Industry	17.9565	58,619	0.66%	4.434
6 Business/Other	12.8756	1,198,771	13.52%	3.180
7 Managed Forest Land	28.9552	194	0.00%	7.150
8 Rec/Non-Profit	2.5793	23,856	0.27%	0.637
9 Farm Land	34.9265	855	0.01%	8.625

Impact:

	Dollar	%
Average SFD	67.61	4.08
Median Class 6	46.43	1.99

Option #3A – This option is similar to Option #3 though maximizing Class 2 with the benefit given to Class Residential:

Class	Rate	Levy \$	% of 2019 Levy	Multiple
1 Residential	4.0415	6,486,248	73.17%	1.000
2 Utilities	32.1515	50,076	0.56%	7.955
3 Supportive Housing	4.0415	0	0.00%	1.000
4 Major Industry	103.1362	1,048,019	11.82%	25.519
5 Light Industry	17.9366	58,554	0.66%	4.438
6 Business/Other	12.8606	1,197,378	13.51%	3.182
7 Managed Forest Land	28.9552	194	0.00%	7.164
8 Rec/Non-Profit	2.5793	23,856	0.27%	0.638
9 Farm Land	34.9265	855	0.01%	8.642

Impact:

	Dollar	%
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Average SFD	64.20	3.87
Median Class 6	43.66	1.87

Option #4 – No increase to Class 4 after Non-Market Change; all other classes absorb difference while maximizing the Class 2 levy.

This scenario would see the Class 4 – Industrial properties shift the \$35,838 of tax levy from this class to the other classes and maximizing the Class 2 rate with the benefit split between the Residential & Business Classes:

Class	Rate	Levy \$	% of 2019 Levy	Multiple
1 Residential	4.0424	6,487,598	73.18%	1.000
2 Utilities	32.5945	50,766	0.57%	8.063
3 Supportive Housing	4.0424	0	0.00%	1.000
4 Major Industry	101.1840	1,028,181	11.60%	25.031
5 Light Industry	18.3014	59,745	0.67%	4.527
6 Business/Other	13.0380	1,213,895	13.69%	3.225
7 Managed Forest Land	28.9552	194	0.00%	7.163
8 Rec/Non-Profit	2.5890	23,946	0.27%	0.640
9 Farm Land	34.9265	855	0.01%	8.640

Impact:

	Dollar	%
Average SFD	64.58	3.90
Median Class 6	76.49	3.27

Option #5 – Use Provincial Multiples

Provincial multiples are used to set regional tax rates. If they were applied to municipal taxes, the amounts would be:

Class	Rate	Levy \$	% of 2019 Levy	Multiple
1 Residential	4.6822	7,514,372	84.76%	1.00
2 Utilities	16.3878	25,524	0.29%	3.50
3 Supportive Housing	4.6822	0	0.00%	1.00
4 Major Industry	15.9195	161,766	1.82%	3.40
5 Light Industry	15.9194	51,969	0.59%	3.40
6 Business/Other	11.4714	1,068,034	12.05%	2.45
7 Managed Forest Land	14.0299	94	0.00%	3.00
8 Rec/Non-Profit	4.6822	43,306	0.49%	1.00
9 Farm Land	4.6977	115	0.00%	1.00

Impact:

	Dollar	%
Average SFD	337.14	20.34
Median Class 6	-213.48	-9.14

FINANCIAL IMPLICATIONS:

As discussed throughout this report.

LEGAL IMPLICATIONS:

The *Community Charter* s.195 requires the Financial Plan. One of the requirements is setting the Objectives and Policies of the municipality. These include:

- Total Revenue from each funding source
- Distribution of property value taxes amount the property classes
- Use of Permissive Tax Exemptions

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

Property owners are often interested in the amount of property taxes they are charged as well as how it is allocated to other property classes.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

Property taxes fund much of the Town’s department work.

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

- | | |
|--|--|
| <input type="checkbox"/> Complete Community Land Use | <input type="checkbox"/> Low Impact Transportation |
| <input type="checkbox"/> Green Buildings | <input type="checkbox"/> Multi-Use Landscapes |
| <input type="checkbox"/> Innovative Infrastructure | <input type="checkbox"/> Local Food Systems |
| <input type="checkbox"/> Healthy Community | <input type="checkbox"/> Local, Diverse Economy |
| <input type="checkbox"/> Not Applicable | |

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|--|---|
| <input type="checkbox"/> Employment & Tax Diversity | <input type="checkbox"/> Natural & Built Infrastructure |
| <input type="checkbox"/> Watershed Protection & Water Management | <input type="checkbox"/> Partnerships |
| <input type="checkbox"/> Communications & Engagement | <input type="checkbox"/> Not Applicable |

SUMMARY:

The distribution of the 2019 Property Tax levy is before Council to make a decision. This distribution forms part of the 2019-2023 Financial Plan bylaw.

I approve the report and recommendations.

Guillermo Ferrero

STAFF REPORT TO COUNCIL

Report Prepared By: Geoff Goodall, Director of Infrastructure Services &
Erin Anderson, Director of Financial Services

Date: April 10, 2019

Meeting Date: April 15, 2019

File No:

RE: Core Services - Generators

RECOMMENDATION:

That Council direct staff to include in the 2019 – 2023 Financial Plan \$400,000 to purchase three lift station generators with the funds to come from the additional federal Gas Tax allocation for 2019.

PURPOSE:

The purpose of this report is for Council to approve the additional capital expense and offsetting funding in the 2019-2023 Financial Plan.

PREVIOUS COUNCIL DIRECTION

n/a

INTRODUCTION/BACKGROUND:

During the windstorm in December of 2018, most of the Town of Ladysmith was without power. This lack of power affected much of the Town's core activities, including the ability for many of the sewer lift stations to pump waste-water from geographical low points into the sewer system that feeds into the Waste Water Treatment Plant. The Town utilized a private contractor to pump out each lift station into a truck and haul the waste-water directly to the Waste Water Treatment Plant. This pumping and hauling occurred 24 hours a day for 4 days.

The lift stations affected were:

- Ludlow – which services the area below the highway in the north end of the Town, including Oyster Bay, Stz'uminus First Nations;
- Sandy Beach – which services a small area below Chemainus Road; and
- Gill Road – which services homes below Chemainus Road, east of the Sandy Beach catchment.

Like other municipalities, the Town is fortunate to receive a one-time increase in Gas Tax funding. The Town anticipates receiving \$405,121. This amount is in addition to the \$414,473 expected for 2019. There are Federal restrictions on how Gas Tax funds can be spent – see: <https://www.ubcm.ca/assets/Funding~Programs/Renewed~Gas~Tax~Agreement/Community~Works~Fund/Examples-of-Eligible-Projects.pdf> for examples of eligible projects. The purchase of generators that support core services such as Waste Water is an eligible project for use of Gas Tax funds.

ALTERNATIVES:

Council can choose to: Utilize the Gas Tax funds for other eligible projects.

FINANCIAL IMPLICATIONS:

Gas Tax funds are treated like a restricted reserve, meaning the funds are not recognized until they are used.

Utilizing the Gas Tax funds for this purchase would not have any impact on property taxation.

LEGAL IMPLICATIONS:

Gas Tax funds must be used in accordance with the Agreement of the Federal Gas Fund in British Columbia, signed by the Town of Ladysmith, UBCM and the Federal Government in 2014.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

The community desires the continuation of core services during any weather events.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

If approved, Public Works and Finance will work together to complete the purchase and oversee the installation of the generators.

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

- | | |
|---|--|
| <input type="checkbox"/> Complete Community Land Use | <input type="checkbox"/> Low Impact Transportation |
| <input type="checkbox"/> Green Buildings | <input type="checkbox"/> Multi-Use Landscapes |
| <input checked="" type="checkbox"/> Innovative Infrastructure | <input type="checkbox"/> Local Food Systems |
| <input type="checkbox"/> Healthy Community | <input type="checkbox"/> Local, Diverse Economy |
| <input type="checkbox"/> Not Applicable | |

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|--|--|
| <input type="checkbox"/> Employment & Tax Diversity | <input checked="" type="checkbox"/> Natural & Built Infrastructure |
| <input type="checkbox"/> Watershed Protection & Water Management | <input type="checkbox"/> Partnerships |
| <input type="checkbox"/> Communications & Engagement | <input type="checkbox"/> Not Applicable |

SUMMARY:

It is anticipated that the Town will received an additional \$405k in Gas Tax funds in 2019. Staff suggest that the Town purchases lift station generators with these additional funds.

I approve the report and recommendations.

Guillermo Ferrero

STAFF REPORT TO COUNCIL

From: Kim Fowler, Project Manager, Waterfront Area Plan Implementation

Meeting Date: April 15, 2019

RE: REALLOCATION OF PROPOSED WATERFRONT AREA PLAN 2019 BUDGET**RECOMMENDATION:**

That Council approve the reallocation of budget funds from the proposed Waterfront Area Plan 2019 budget to permit a legal survey of Lots 4 & 5.

PURPOSE:

To request a reallocation of budget funds from the proposed Waterfront Area Plan 2019 budget to permit a legal survey of Lots 4 & 5.

PREVIOUS COUNCIL DIRECTION

Council approved the preliminary budget with the proposed capital projects shown in the attached budget summary sheet.

INTRODUCTION/BACKGROUND:

A legal survey of Lot 4 is required to proceed with site servicing, lot layout and subdivision. It is also needed for the geotechnical study of Lot 4, including the road bed for Oyster Bay Drive. Surveying Lot 5 at the same time will reduce cost and provide necessary information for any challenge of development potential or lot line delineation with Slack Point. The scope of work increased from the original estimate due items #3 through #8 summarized below:

- 1) Complete a legal survey of Remainder Lot 4 and Lot 5, Plan 45800
- 2) Prepare a legal plan (reference plan) to be registered with the Land Title Office
- 3) Complete a topographic survey of Lot 5 Plan 45800
- 4) Locate drainage course at the northwest end of Remainder Lot 4 at the culvert(s)
- 5) Locate the access road to the marina and adjacent trail system
- 6) Locate railway tracks within the ICF property
- 7) Stake the proposed boundaries of areas 7/9 & 11 as shown on the waterfront concept plan
- 8) Meet with geotechnical engineer to identify required cross sections/elevations

The preliminary cost estimate is \$20-24,000 and the 2019 proposed budget allocated for this project is \$10,000. From a review of the budget and work program, staff noted the ongoing discussions regarding environmental remediation and foreshore fill will delay the business plan,

communications strategy and contract services for a community advisory panel until conclusion of those discussions. As a result, staff recommend reallocating those budget funds, totaling \$20,000, to the legal survey for the 2019 budget. The deferred projects will be reassessed for the 2020 budget pending the outcome of discussions.

ALTERNATIVES:

Council can provide other direction as determined.

FINANCIAL IMPLICATIONS

The reallocation will still be within the established budget envelope.

LEGAL IMPLICATIONS

n/a

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Complete Community Land Use | <input type="checkbox"/> Low Impact Transportation |
| <input type="checkbox"/> Green Buildings | <input checked="" type="checkbox"/> Multi-Use Landscapes |
| <input type="checkbox"/> Innovative Infrastructure | <input type="checkbox"/> Local Food Systems |
| <input checked="" type="checkbox"/> Healthy Community | <input checked="" type="checkbox"/> Local, Diverse Economy |
| <input type="checkbox"/> Not Applicable | |

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Employment & Tax Diversity | <input checked="" type="checkbox"/> Natural & Built Infrastructure |
| <input type="checkbox"/> Watershed Protection & Water Management | <input checked="" type="checkbox"/> Partnerships |
| <input type="checkbox"/> Communications & Engagement | <input type="checkbox"/> Not Applicable |

SUMMARY:

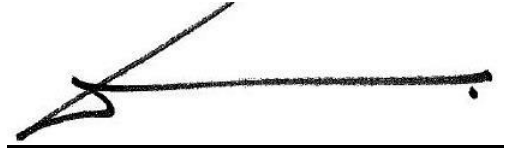
Due to an increased scope of the legal survey of Lots 4 & 5 and ongoing discussions regarding environmental remediation and foreshore fill, staff recommend reallocating the proposed budget funds for a business plan, communications strategy and contract services for a community advisory panel, totaling \$20,000, to the legal survey.



Kim Fowler, MCIP, RPP
Project Manager, Waterfront Area Plan Implementation

April 8, 2019

I concur with the recommendation.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Guillermo Ferrero, City Manager



4. Implementation

The Waterfront Area Plan provides a statement of the overall vision, goals, objectives and policies for the parks and open space, mobility and the public realm, ecological management and future land use. The implementation of the objectives and policies presented in this plan is undertaken in various ways, including studies, agreements, bylaws, subdivision, public and private investment, brownfield renewal and more detail plans. The first step is the implementation

of the Waterfront Area Plan through an amendment to the Town's Official Community Plan.

The table contains guidance respecting potential timelines for implementation actions. The guidance is not intended to be binding on Council decisions, and is subject to available financial and other resources at the time of Council consideration of the actions, as well as prevalent market conditions.

Implementation Action Guidance			
Immediate Term (<1 year)	Short Term (1-2 years)	Medium Term (3-5 years)	Longer Term (5+ years)
Official Community Plan amendment to adopt new Waterfront Area Plan	Zoning to implement the concept plan	Marketing of the development lands	Marketing of the development lands
Joint application between Town and Stz'uminus First Nation for the lease of DL2059 from the Province	Marketing of the development lands	Stormwater management study	Pedestrian bridge approvals and construction
Partnership agreement between Town and Stz'uminus First Nation	Infrastructure costing (roads, utilities, pedestrian bridge)	Master plan for Slack Point Park	Stabilization and remediation of the foreshore and Slack Point
Business plan, including identification of one or more significant and early development opportunities for revenue generation	Invest in "wow project" for development of a public space to catalyze immediate development	Pedestrian bridge design	Secure Federal and Provincial funding
Communications Plan	Land acquisition	Hotel study	
Pursue Federal and Provincial funding	Secure Federal and Provincial funding	Secure Federal and Provincial funding	
Identification and subdivision of development parcels	Scope description for foreshore fill and stabilization	Visitor Centre study, including parking lot	
Transportation study	Master Plan for the Arts and Heritage Hub	Road relocation	
Servicing study			
Zoning for initial development phase			



INFORMATION REPORT TO COUNCIL

Report Prepared By: Joanna Winter, Manager of Legislative Services

Date Written: April 10, 2019

Meeting Date: April 15, 2019

File No:

RE: ROAD CLOSURE BYLAW ADOPTION – 674 FARRELL ROAD

RECOMMENDATION:

That, having considered any public submissions on the matter, Council adopt Town of Ladysmith Road Closure and Dedication Removal Bylaw 2019, No. 2004.

PURPOSE:

The purpose of this report is to seek adoption of Town of Ladysmith Road Closure and Dedication Removal Bylaw 2019, No. 2004, in order close and remove the dedication of a previously closed portion of Farrell Road.

PREVIOUS COUNCIL DIRECTION

Resolution	MeetingDate	ResolutionDetails
CS 2019-080	2019-03-04	That Council: 1. Authorize that a portion of Farrell Road located on the property at 674 Farrell Road be closed and that the highway dedication be removed; 2. Give first, second and third readings to Town of Ladysmith Road Closure and Dedication Removal Bylaw 2019, No. 2004; 3. Direct staff to refer Bylaw 2004 to the Ministry of Transportation and Infrastructure in accordance with applicable legislation; and 4. Direct staff to provide public notice of its intent to adopt Bylaw 2004 in accordance with the Community Charter.

DISCUSSION:

The unserved property at 674 Farrell Road is 0.471 acre (~0.19ha) and is zoned RU-1. It was acquired by the Town in 2007 from the BC Transportation Authority and is currently vacant. In 1998, the provincial government closed the portion of Farrell Road that is shown on the property in the diagram below.



Although the road is officially closed, the Town has maintained it with snow and ice removal in winter, and sweeping at other times of the year. In addition, the public does occasionally use the cul de sac as a turn-around or for parking. This portion of Farrell Road is a dead end, has not been dedicated as a road since 1998, and does not provide access to any adjoining properties. Any future development in the area will be required to meet all statutory obligations for road access.



Section 42 of the *BC Transportation Act* stipulates that where a closed road has been used by members of the public, and some public funds have been expended to maintain the roadway (not including snow and ice removal), the road is considered a highway regardless of whether it has previously been closed.

The Town has accepted an offer to purchase the property at 674 Farrell Road. However, due to the existence of the closed road on the property, and the potential for it to qualify as a highway under section 42 of the Transportation Act, Council

directed staff to proceed with a road closure and dedication removal bylaw to confirm that this is a closed road, in accordance with the 1998 closure.

Statutory notice of the town's intent to close this portion of Farrell Road was published in the Ladysmith Chronicle newspaper on April 4th and 11th in accordance with Council's previous direction and the *Community Charter*.

Approval has been received from the Ministry of Transportation and Infrastructure.

As of the time of writing this report, no public submissions have been received about this road closure. Members of the public will have an opportunity to address Council on the matter during discussion of this agenda item.

SUMMARY POINTS

It is recommended that Council adopt Bylaw 2004 in order to close and remove the dedication of a portion of Farrell Road as previously directed.

I concur with the recommendation.

Guillermo Ferrero, Chief Administrative Officer

ATTACHMENT(S)

Bylaw 2004

Statutory Notice

TOWN OF LADYSMITH

BYLAW NO. 2004

A Bylaw To Close And Remove The Dedication Of A Highway

WHEREAS the purpose of this Bylaw is to close to traffic and remove the highway dedication of a previously closed portion of Farrell Road on the property located at Lot 1, District Lot 41, Oyster District, Plan 20461 (674 Farrell Road) in the Town of Ladysmith, British Columbia for the purpose of disposing of the land for consolidation with the adjacent lands;

AND WHEREAS in accordance with sections 40(3) and (4), and 94 of the Community Charter, the Town of Ladysmith has published notice of its intention to adopt this Bylaw, has delivered notice to the operators of utilities whose transmission or distribution facilities or works Council considers will be affected, and has provided an opportunity for persons who consider they are affected to make representations to Council.

NOW THEREFORE the Municipal Council of the Town of Ladysmith, in open meeting assembled, enacts as follows:

1. That portion of Farrell Road outlined in red on Schedule "A" of this Bylaw, survey dated March 1st, 2019, is closed to all traffic.
2. The dedication of that part of Farrell Road referred to in Section 1 is removed.

CITATION

3. This Bylaw may be cited as the "Road Closure and Dedication Removal Bylaw 2019, No. 2004".

READ A FIRST TIME on the 4th day of March, 2019

READ A SECOND TIME on the 4th day of March, 2019

READ A THIRD TIME on the 4th day of March, 2019

APPROVED BY THE MINISTER OF TRANSPORTATION AND INFRASTRUCTURE on the 22nd day of March, 2019

ADOPTED on the day of

Approved pursuant to section 52(3)(a) of the *Transportation Act*

this 22nd day of March 2019

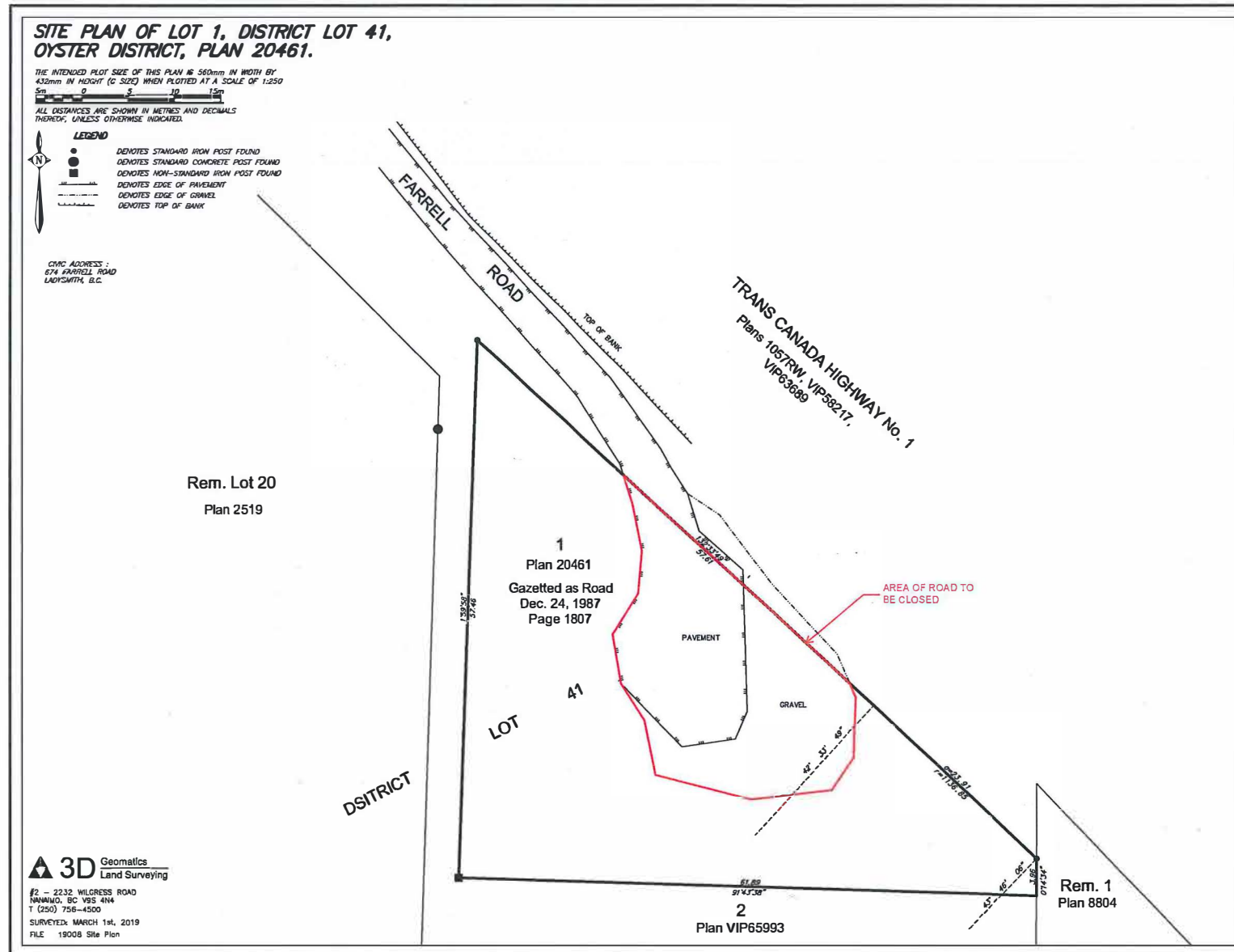
Ministry of Transportation and Infrastructure



JAMIE LEIGH HOPKINS
A Commissioner for taking affidavits
within the Province of British Columbia
2100 Labeux Road, Nanaimo BC V9T 6E9

Mayor (A. Stone)

Corporate Officer (J. Winter)



NOTICE

ROAD CLOSURE AND DEDICATION REMOVAL

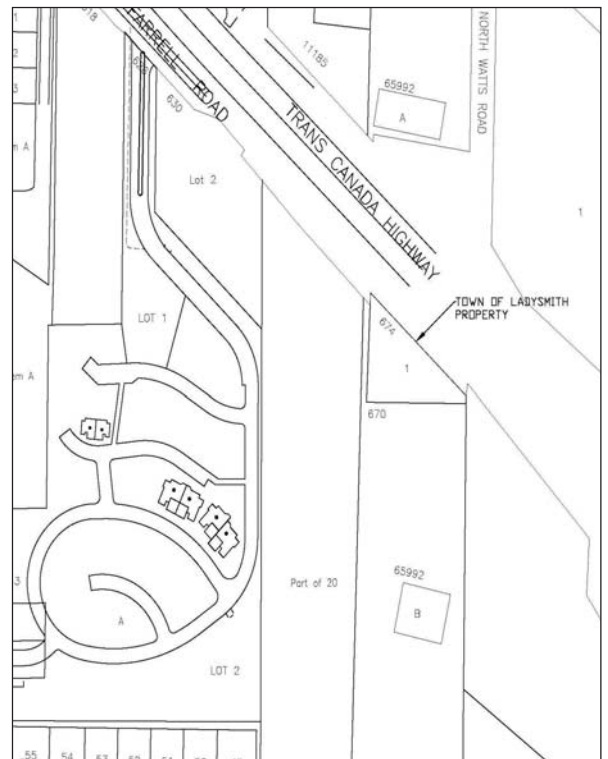


674 FARRELL ROAD LADYSMITH

Notice pursuant to Section 40 of the Community Charter is hereby given that the Town of Ladysmith intends to close to traffic and remove the highway dedication of the previously closed portion of Farrell Road located on the property legally described as Lot 1, District Lot 41, Oyster District, Plan 20461 (674 Farrell Road).

The property is the subject of Town of Ladysmith Road Closure and Dedication Removal Bylaw 2019, No. 2004. Council intends to consider final reading and adoption of Bylaw 2004 at the Council meeting scheduled for April 15, 2018 at 7:00 p.m. in Council Chambers at City Hall, 410 Esplanade, Ladysmith, B.C.

Information regarding the proposed road closure can be viewed at City Hall, 410 Esplanade, Ladysmith, B.C. or by contacting Joanna Winter, Corporate Officer at 250.245.6417, jwinter@ladysmith.ca



Notice provided in accordance with section 40 of the Community Charter.

