

**CORPORATION OF THE CITY OF COURTENAY
COUNCIL MEETING AGENDA**

*We respectfully acknowledge that the land on which we gather is the
unceded traditional territory of the K'ómoks First Nation*

DATE: June 18, 2018
PLACE: City Hall Council Chambers
TIME: 4:00 p.m.

K'OMOKS FIRST NATION ACKNOWLEDGEMENT

1.00 ADOPTION OF MINUTES

- 1 1. Adopt June 11th, 2018 Regular Council meeting minutes

2.00 INTRODUCTION OF LATE ITEMS

3.00 DELEGATIONS

4.00 STAFF REPORTS/PRESENTATIONS

(a) Legislative Services

- 9 1. BC Housing Management Commission Lease - 988 - 8th Street

(b) Development Services

- 53 2. Zoning Amendment Bylaw No. 2933 to Allow for a Secondary Suite at 4659 Western Road

- 73 3. Zoning Amendment Bylaw No. 2935 - Storefront Cannabis Retailers

(d) Financial Services

- 83 4. 2019/2020 RCMP Municipal Policing Contract: Approval in Principle

- 107 5. Woodlands VIS6154 Strata Utility Billing Options

5.00 EXTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION

6.00 INTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION

115 1. Parks & Recreation Advisory Commission Meeting Minutes March 01, 2018

7.00 REPORTS/UPDATES FROM COUNCIL MEMBERS INCLUDING REPORTS FROM COMMITTEES

8.00 RESOLUTIONS OF COUNCIL

1. Councillor Frisch Resolution - Select Committee for Affordable Housing

WHEREAS vacancy rates in the Comox Valley are extremely low and monthly rental rates are rising significantly faster than wages;

WHEREAS the number of people who are homeless and at risk of being homeless has reached unprecedented levels;

WHEREAS the lack of affordable rental housing affects the health and wellness of our community, our families, as well as the economic viability of our businesses;

THEREFORE BE IT RESOLVED THAT Courtenay Council create a select committee to identify and recommend policy and procedural changes that will increase the availability and retention of rental housing in our community; and, furthermore

THAT staff prepare a recommended committee structure for Council's consideration for the July 3rd Council meeting.

2. In Camera Meeting

That notice is hereby given that a Special In-Camera meeting closed to the public will be held June 18th, 2018 at the conclusion of the Regular Council Meeting pursuant to the following sub-sections of the *Community Charter*:

- 90 (2) (b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.
- 90 (1) (e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality.

9.00 UNFINISHED BUSINESS

1. Terms of Reference for a Development Industry Working Group - Council appoint two elected officials to the group

Reconsideration of Matter by the Mayor per Council procedure Bylaw No. 2730, Section 39 (1) as follows:

Moved by Frisch and seconded by Lennox that Council appoint Councillor Frisch and Councillor Wells to participate in the Development Industry Working Group for a 1 year term.

Staff Note: The motion is considered to be immediately placed on the floor for vote. Moving and seconding is not required.

10.00 NOTICE OF MOTION

11.00 NEW BUSINESS

12.00 BYLAWS

For First and Second Reading

- 117 1. "Zoning Amendment Bylaw No. 2933, 2018"
(A bylaw to rezone property to allow for a Secondary Suite - 4659 Western Road)
- 119 2. "Zoning Amendment Bylaw No. 2935 Storefront Cannabis Retailers"
(A bylaw to create zoning regulations for the retail sale of cannabis)

For Third Reading

- 121 1. "Zoning Amendment Bylaw No. 2921, 2018"
(A bylaw to rezone property to allow church and assembly hall use at 765 McPhee Avenue)
- 123 2. "Zoning Amendment Bylaw No. 2923, 2018"
(A bylaw to rezone property from Residential One A [R-1A] to Residential One D [R-1D] to a 10 lot residential subdivision at 2310 Arden Road)
- 125 3. "Zoning Amendment Bylaw No. 2928, 2018"
(A bylaw to allow for a secondary suite at 570 Washington Crescent)

For Final Adoption

- 121 1. "Zoning Amendment Bylaw No. 2921, 2018"
(A bylaw to rezone property to allow church and assembly hall use at 765 McPhee Avenue)
- 123 2. "Zoning Amendment Bylaw No. 2923, 2018"
(A bylaw to rezone property from Residential One A [R-1A] to Residential One D [R-1D] to a 10 lot residential subdivision at 2310 Arden Road)

- 125 3. "Zoning Amendment Bylaw No. 2928, 2018"
 (A bylaw to allow for a secondary suite at 570 Washington Crescent)

13.00 ADJOURNMENT

Minutes of a Regular Council Meeting held in the City Hall Council Chambers, Courtenay B.C., on Monday, June 11, 2018 at 4:00 p.m.

Attending:

Acting Mayor: M. Theos
Councillors: E. Eriksson
D. Frisch
D. Hillian
R. Lennox
B. Wells

Staff:

D. Allen, CAO
J. Ward, Director of Legislative and Corporate Services/Deputy CAO
W. Sorichta, Manager of Corporate Administrative Services
I. Buck, Director of Development Services
T. Kushner, Director of Public Works Services
R. O’Grady, Director of Engineering Services
D. Snider, Director of Recreation and Cultural Services
J. Nelson, Manager of Financial Planning
A. Guillo, Manager of Communications

1.00 ADOPTION OF MINUTES

.01 Moved by Wells and seconded by Frisch that the May 22nd, 2018
MINUTES Regular Council meeting minutes be adopted.
Carried

Moved by Wells and seconded by Frisch that the May 28th, 2018
Committee of the Whole meeting minutes be adopted.
Carried

2.00 ADOPTION OF LATE ITEMS

.01 Moved by Frisch and seconded by Hillian that the notice of motion
NOTICE OF MOTION presented by Councillor Frisch regarding a select committee for affordable
housing be added to the June 11, 2018 Regular Council agenda for
consideration.
Carried

Mayor Paul Ives, Town of Comox, presented the 2018 Mayor’s Cup trophy to Acting Mayor Theos in recognition of the City of Courtenay’s victory at the 8th Annual Mayor’s Cup hockey game fundraiser hosted in March between Courtenay and Comox.

3.00 DELEGATIONS

4.00 STAFF REPORTS/PRESENTATIONS

.01
FINANCIAL
INFORMATION ACT -
2017 STATEMENT OF
FINANCIAL
INFORMATION (SOFI)
1870-06 (2017)

Moved by Frisch and seconded by Lennox that based on the June 11, 2018 staff report “Financial Information Act - 2017 Statement of Financial Information”, Council approve OPTION 1 and approve the City of Courtenay Statement of Financial Information for the year ended December 31, 2017.

Carried

.02
PICKLEBALL COURT
OPTIONS
6120-02

Moved by Hillian and seconded by Frisch that based on the June 11, 2018 staff report “Pickleball Court Options”, the Council adopt OPTION 1 and direct staff to work with regional partners to establish the working group to evaluate regional strategies for outdoor pickleball courts; and,

That based on the outcome of the working group, Council consider allocating \$100,000 in the 2019 capital budget as the City of Courtenay contribution to a regional pickleball facility.

Carried

.03
TERMS OF
REFERENCE -
DEVELOPMENT
INDUSTRY WORKING
GROUP
0360-20

Moved by Frisch and seconded by Wells that based on the June 11, 2018 staff report “Terms of Reference for a Development Industry Working Group” Council approve OPTION 1 and approve the draft terms of reference for the working group and accept the industry representatives outlined in the report; and

That Council appoint two elected officials to the group.

Carried

Amending motion:

Moved by Frisch and seconded by Lennox that Council appoint Councillor Frisch and Councillor Wells to participate in the Development Industry Working Group for a 1 year term.

Moved by Frisch and seconded by Wells that the amending motion for Council to appoint Councillor Frisch and Councillor Wells to participate in the Development Industry Working Group for a 1 year term be withdrawn to permit debate on the main motion.

Carried

Returned to Main Motion Discussion

Amending motion:

Moved by Frisch and seconded by Lennox that Council appoint Councillor Frisch and Councillor Wells to participate in the Development Industry Working Group for a 1 year term.

Defeated

In Favour: Councillors Frisch, Hillian and Lennox

Opposed: Acting Mayor Theos, Councillors Eriksson and Wells

Subsidiary motion:

Moved by Eriksson and seconded by Wells that Council postpone the subsidiary motion to appoint Councillors Frisch and Wells to participate in the Development Industry Working Group for a term of 1 year.

Defeated

In Favour: Acting Mayor Theos, Councillors Eriksson and Wells

Opposed: Councillors Frisch, Hillian and Lennox

Returned to Councillor Frisch Amending Motion (above)

Acting Mayor Theos invoked *Reconsideration of Matter by Mayor* per Council procedure Bylaw No. 2730, Section 39 (1), to reconsider the vote for appointment of two Council members to participate in the Development Industry Working Group as identified in the working group Terms of Reference until the June 18th, 2018 Regular Council meeting.

The council meeting recessed at 5:00 p.m. for the Public Hearing regarding Bylaw No.'s 2921, 2923 and 2928.

The meeting reconvened at 5:12 p.m.

.04

STRUCTURAL
CHANGE TO LIQUOR
LICENCE (MATCH
EATERY & PUBLIC
HOUSE)
361 HUNT ROAD
4320-20

Moved by Lennox and seconded by Frisch that based on the June 11, 2018 staff report "Structural Change to Liquor Licence (Match Eatery and Public House) - 361 Hunt Road" Council approve OPTION 1 and direct staff to post notice on the City's website requesting public input on the proposed change to the liquor licence for Council consideration at the regular meeting scheduled for July 3, 2018.

Amending motion

Moved by Lennox and seconded by Frisch that Council direct staff to provide direct notification of the proposed change to the liquor licence at 361 Hunt Road area residents and tenants of the Washington Inn prior to the proposed change to the liquor licence for Council consideration at the Regular Council meeting scheduled July 3, 2018.

Carried

The main motion was Carried as amended

5.00 EXTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION

.01 Moved by Frisch and seconded by Wells that the correspondence from the City of Langley dated May 17, 2018 regarding the Province’s announcement that it will be eliminating Medical Services Plan (MSP) premiums that individuals currently pay and funding this change through the implementation of an employer health tax (EHT) effective January 1, 2019, be received for information.

CITY OF LANGLEY
RESOLUTION -
PROVINCIAL
EMPLOYER HEALTH
TAX IMPACT ON
LOCAL GOVERNMENT
0400-20

Amending motion:

Moved by Wells and seconded by Lennox that Council direct staff to write a letter to the provincial government expressing the City of Courtenay’s concern regarding the impact of transferring the burden of the employer health tax (EHT) to Courtenay taxpayers as a result of the province’s elimination of the Medical Services Plan (MSP).

Carried

The main motion was Carried as amended

6.00 INTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION

.01 Moved by Wells and seconded by Frisch that the Heritage Advisory Commission meeting minutes for March 28, 2018, be received for information.

HERITAGE ADVISORY
COMMISSION
MEETING MINUTES
0360-20

Carried

.02 Moved by Wells and seconded by Lennox that the June 11, 2018 Briefing Note, “Downtown Courtenay Transit Exchange Expansion”, be received for information.

DOWNTOWN
COURTENAY TRANSIT
EXCHANGE
EXPANSION
8500-04

Carried

.03 Moved by Lennox and seconded by Frisch that the June 7, 2018 Briefing Note, “Urban Forest Strategy Update”, be received for information.

URBAN FOREST
STRATEGY UPDATE
1845-20

Carried

Councillor Lennox left Council Chambers at 5:51 p.m.

Councillor Lennox returned to Council Chambers and took her seat at 5:52 p.m.

7.00 REPORTS/UPDATES FROM COUNCIL MEMBERS INCLUDING REPORTS FROM COMMITTEES

ACTING MAYOR THEOS Acting Mayor Theos reviewed his attendance at the following events:

- 2018 FCM Annual Conference and Trade Show
- K’omoks First Nations Intergovernmental Engagement Meeting

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COUNCILLOR
ERIKSSON

Councillor Eriksson reviewed his attendance at the following events:

- Comox Valley Economic Development AGM
- Comox Strathcona Regional Hospital Board meeting
- Comox Strathcona Waste Management meeting
- K’omoks First Nations Intergovernmental Engagement Meeting

COUNCILLOR
FRISCH

Councillor Frisch reviewed his attendance at the following events:

- Comox Valley Economic Development AGM
- Potlach 67-67 “The Blanket Exercise” history of Indigenous Peoples
- The Council of Canadians Comox Valley Sustainability Forum
- Comox Valley MS Walk fundraiser event for Multiple Sclerosis
- 2018 FCM Annual Conference and Trade Show
- K’omoks First Nations Intergovernmental Engagement Meeting

Councillor Frisch thanked Public Works Services, Kyle Shaw, Manager of Transportation and Utilities Maintenance and Mike Kearns, Manager of Parks Maintenance on behalf of the DCBIA for their efforts to implement improvements to the intersection at 5th Street and Cliffe Avenue

COUNCILLOR
HILLIAN

Councillor Hillian reviewed his attendance at the following events:

- Annual Mile of Flowers planting
- Comox Valley Bike to Work Week
- Access Awareness Day
- Wachiay Friendship Centre Society celebration and blessing of their new building
- Comox Valley Social Planning Society meeting
- Comox Valley Coalition to End Homeless meeting
- Comox Valley Pride “Elevate the Intersection” celebration
- July 1st Committee Meeting
- K’omoks First Nations Intergovernmental Engagement Meeting

Councillor Hillian invited members of Council, staff and the public to participate as a volunteer for the dunk tank fund raising event at the July 1st Canada Day celebration in support of the Comox Valley Child Development Centre

COUNCILLOR
LENNOX

Councillor Lennox reviewed her attendance at the following events:

- K’omoks First Nations Intergovernmental Engagement Meeting
- Comox Valley Relay for Life

Councillor Lennox complimented the recent improvements to the track at Georges P. Vanier Secondary School

COUNCILLOR
WELLS

Councillor Wells reviewed his attendance at the following events:

- CVRD Solar Panel and Energy Efficiency open house
- 2018 FCM Annual Conference and Trade Show
- Comox Valley Economic Development AGM
- K’omoks First Nations Intergovernmental Engagement Meeting

Councillor Wells Mentioned the North Island 9-1-1 abandoned calls education campaign

8.00 RESOLUTIONS OF COUNCIL

.01
IN CAMERA
MEETING

Moved by Hillian and seconded by Lennox that a Special In-Camera meeting closed to the public will be held June 11th, 2018 at the conclusion of the Committee of the Whole Meeting pursuant to the following sub-sections of the *Community Charter*:

- 90 (1) (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

Carried

Councillor Hillian left Council Chambers at 6:19 p.m.

Councillor Hillian returned to Council Chambers and took his seat at 6:21 p.m.

9.00 UNFINISHED BUSINESS

.01
MAY 22ND
DELEGATION
YOUTH &
ECOLOGICAL
RESTORATION (YER)
REQUEST FOR
FUNDING

Moved by Hillian and seconded by Wells that the request received from Wendy Kotilla, Program Coordinator, Youth & Ecological Restoration (YER) Watershed Restoration Program for funding support to assist with costs for the production of a promotional video in support of the YER program be postponed and considered in the 2019 Grants-in-Aid application process.

Defeated

In Favour: Councillors Eriksson, Hillian and Wells

Opposed: Councillors Frisch, Lennox and Acting Mayor Theos

Moved by Hillian and seconded by Wells that the request received from Wendy Kotilla, Program Coordinator, Youth & Ecological Restoration (YER) Watershed Restoration Program for funding support to assist with costs for the production of a promotional video in support of the YER program be considered in the 2019 Grants-in-Aid application process; and,

That staff draft a response to the Youth & Ecological Restoration (YER) Program Coordinator advising the applicant to utilize the Grant-In Aid process as outlined in City Policy #1850.00.04 - Provision of Grant-in-Aid and other Forms of Financial Support and submit their application for funding before the grant application deadline of August 01, 2018.

Carried

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.02
FEDERATION OF
CANADIAN
MUNICIPALITIES
(FCM) REQUEST FOR
CONTRIBUTION TO
2-YEAR SPECIAL
ADVOCACY FUND

Moved by Wells and seconded by Frisch that the correspondence dated May 16, 2018 from the Federation of Canadian Municipalities (FCM) request for a voluntary financial contribution to the 2-Year Special Advocacy Fund to promote municipal priorities and strategies for the 2019 Federal election, be received for information.

Carried with Councillor Theos opposed

Moved by Wells and seconded by Frisch that Council support the Federation of Canadian Municipalities (FCM) request for a contribution to the 2-Year Special Advocacy Fund to promote municipal priorities and strategies for the 2019 Federal election; and,

That the contribution to the Federation of Canadian Municipalities (FCM) 2-Year Special Advocacy Fund to be funded from gaming funds; and,

That Council direct staff write a letter to the Federation of Canadian Municipalities (FCM) to incorporate funding requests for campaigns and special advocacy funds into the annual request for membership dues as part of the City of Courtenay’s regular contribution to FCM.

Carried with Councillor Theos opposed

10.00 NOTICE OF MOTION

.01
FRISCH NOTICE OF
MOTION
SELECT COMMITTEE
FOR AFFORDABLE
HOUSING

Councillor Frisch provided the following notice of motion:

WHEREAS vacancy rates in the Comox Valley are extremely low and monthly rental rates are rising significantly faster than wages;

WHEREAS the number of people who are homeless and at risk of being homeless has reached unprecedented levels;

WHEREAS the lack of affordable rental housing affects the health and wellness of our community, our families, as well as the economic viability of our businesses;

THEREFORE BE IT RESOLVED THAT Courtenay Council create a select committee to identify and recommend policy and procedural changes that will increase the availability and retention of rental housing in our community; and, furthermore

THAT staff prepare a recommended committee structure for Council's consideration for the July 3rd Council meeting.

Carried

11.00 NEW BUSINESS

12.00 BYLAWS

.01
BYLAW NO. 2932,
2018
A BYLAW TO REZONE
PROPERTY (988 – 8TH
STREET)

Moved by Wells and seconded by Lennox that “Zoning Amendment Bylaw No. 2932, 2018” pass third reading.

Carried

Moved by Wells and seconded by Hillian that “Zoning Amendment Bylaw No. 2932, 2018” be finally adopted.

Carried

R11/2018 – June 11, 2018

13.00 ADJOURNMENT

.01

Moved by Frisch and seconded by Hillian that the meeting now adjourn at 6:58 p.m.

Carried

CERTIFIED CORRECT

Director of Legislative and Corporate Services

Adopted this 18th day of June, 2018

Mayor



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 870-30 (BCHC)

From: Chief Administrative Officer

Date: June 18, 2018

Subject: BC Housing Management Commission Lease – 988 8th Street

PURPOSE:

The purpose of this report is for Council to approve a long term ground lease with the BC Housing Management Commission for the City owned property located at 988 8th Street.

CAO RECOMMENDATIONS:

That based on the June 18th, 2018 staff report “BC Housing Management Commission Lease - 988 - 8th Street”, Council approve OPTION 1 and the ground lease between the BC Housing Management Commission and the City of Courtenay for the property located at 988 - 8th Street;

That statutory notice for the property disposition and financial assistance be published pursuant to sections 24, 26 and 94 of the *Community Charter*; and

That subsequent to the publication of notice, the Mayor and Corporate Officer be authorized to execute the lease on behalf of the City.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

The City has been approached by the BC Housing Management Commission to provide land, through a long term lease, to build and operate a care facility with meal services, 24/7 support and staffing services for individuals who are homeless or at risk of homelessness.

DISCUSSION:

The City owned property located at 988 8th Street was rezoned on June 11, 2018 to permit the above mentioned care facility.

The BC Housing Management Commission has request a 25 year lease for the City land, and Council approval of the lease document is required.

FINANCIAL IMPLICATIONS:

The proposed lease contains the provision for “Basic Rent” of \$10.00 for the term of the lease.

Current market value rent for the property is considered to be \$18,218.00 per year, or \$455,450.00 over the term of the lease. Since the rent is less than market value, Council must publish notice of this amount as financial assistance as per section 24 of the *Community Charter*:

Publication of intention to provide certain kinds of assistance

24 (1) *A council must give notice in accordance with section 94 [public notice] of its intention to provide any of the following forms of assistance to a person or organization:*

- (a) disposing of land or improvements, or any interest or right in or with respect to them, for less than market value;***
- (b) lending money;*
- (c) guaranteeing repayment of borrowing or providing security for borrowing;*
- (d) assistance under a partnering agreement.*

(2) The notice must be published before the assistance is provided and must

- (a) identify the intended recipient of the assistance, and*
- (b) describe the nature, term and extent of the proposed assistance.*

ADMINISTRATIVE IMPLICATIONS:

There are minimal administrative implications in the administration of the lease.

ASSET MANAGEMENT IMPLICATIONS:

The City will not be responsible for the property or the building during the term of the lease. At the expiry of the lease, the building would become the property of the City.

STRATEGIC PRIORITIES REFERENCE:

We support diversity in housing and reasoned land use planning

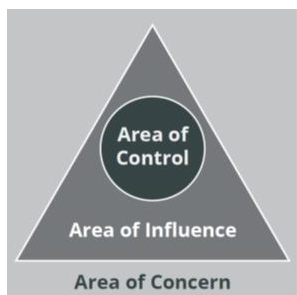
- Assess how city-owned lands can support our strategic land acquisitions and disposals
- ▲ Support initiatives and incentives to encourage lower cost housing
- Proactively pursue housing diversity and advocate for senior government support

We focus on organizational and governance excellence

- We support meeting the fundamental corporate and statutory obligations
- Communication with our community is a priority, and is considered in all decisions we make

We invest in our key relationships

- ▲ We advocate and cooperate with other local governments and senior governments on regional issues affecting our city



- **Area of Control**
The policy, works and programming matters that fall within Council's jurisdictional authority to act.
- ▲ **Area of Influence**
Matters that fall within shared or agreed jurisdiction between Council and another government or party.
- **Area of Concern**
Matters of interest outside Council's jurisdictional authority to act.

OFFICIAL COMMUNITY PLAN REFERENCE:

Statutory in nature.

REGIONAL GROWTH STRATEGY REFERENCE:

Statutory in nature.

CITIZEN/PUBLIC ENGAGEMENT:

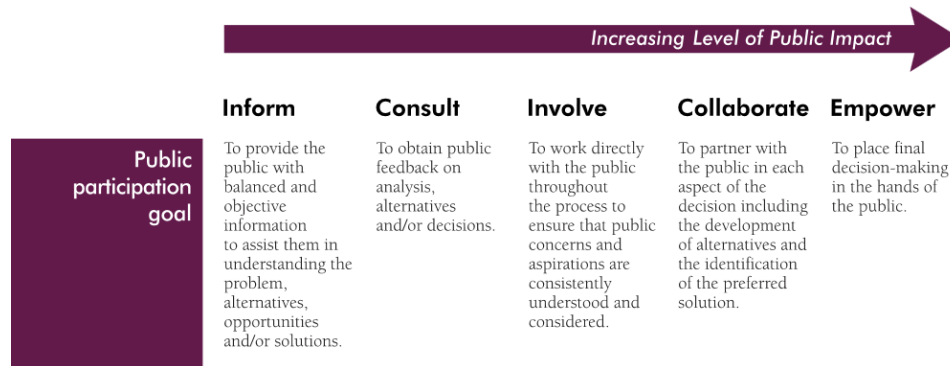
Public notice is required for property disposition pursuant to section 26 of the *Community Charter*:

Notice of proposed property disposition

- 26 (1) *Before a council disposes of land or improvements, it must publish notice of the proposed disposition in accordance with section 94 [public notice].*
- (3) *In the case of property that is not available to the public for acquisition, notice under this section must include the following:*
- (a) *a description of the land or improvements;*
 - (b) *the person or public authority who is to acquire the property under the proposed disposition;*
 - (c) *the nature and, if applicable, the term of the proposed disposition;*

Staff would inform the public based on the IAP2 Spectrum of Public Participation:

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf



OPTIONS:

OPTION 1: That Council approve **OPTION 1** and the ground lease between the BC Housing Management Commission and the City of Courtenay for the property located at 988 – 8th Street;

That statutory notice for the property disposition and financial assistance be published pursuant to sections 24, 26 and 94 of the *Community Charter*; and

That subsequent to the publication of notice, the Mayor and Corporate Officer be authorized to execute the lease on behalf of the City.

OPTION 2: That Council not approve the lease.

OPTION 3: That Council refer the report back to staff to negotiate a different arrangement.

Prepared by:

John Ward, CMC
Director of Legislative and Corporate Services

Attachment:

1. *Proposed lease with the BC Housing Management Commission*

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WHEREAS:

- A. The Lessee wishes to provide housing for persons with special housing requirements and/or limited income and agrees to lease the Lands for this purpose.
- B. The Commission, a representative of the Province, has agreed to provide financial assistance for the construction and operating costs of the Building and the programs to be offered to the residents of the Building.
- C. The Lessor is the owner of the Lands and has agreed to lease to the Lessee the Lands for the Term upon the terms, conditions and provisos herein so that the Lessee may renovate or construct the Building and otherwise use, occupy and enjoy the Lands.

WITNESS that in consideration of the rents reserved and the covenants and agreements set forth below, the parties agree as follows:

THE LESSOR HEREBY DEMISES AND LEASES UNTO THE LESSEE AND THE LESSEE DOES HEREBY TAKE AND RENT THE LANDS, TO HAVE AND TO HOLD THE LANDS UNTO THE LESSEE FOR AND DURING THE TERM AS HEREIN PROVIDED.

IN CONSIDERATION OF THE SUM OF TEN DOLLARS (\$10.00) AND OTHER GOOD AND VALUABLE CONSIDERATION PAID AND PROVIDED BY THE COMMISSION TO BOTH THE LESSOR AND THE LESSEE, BOTH THE LESSOR AND THE LESSEE COVENANT AND AGREE WITH THE COMMISSION THAT THE COMMISSION WILL HOLD AND ENJOY THE RIGHTS, BENEFITS, PRIVILEGES, AUTHORITY AND DISCRETIONS GRANTED TO THE COMMISSION IN THIS LEASE.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

- 1.1 Capitalized terms used in this Lease have the meanings specified in this section 1.1, unless otherwise provided in this Lease:
 - (a) "Additional Rent" means all sums, costs, expenses and other amounts, if any, payable by the Lessee to the Lessor pursuant to this Lease, including, without limitation, Realty Taxes, payments in lieu of Realty Taxes, Utilities and all sums payable by way of indemnity under this Lease, but excluding Basic Rent;
 - (b) "Air Space Parcel Charges" means, where the Lands are an air space parcel, all easements, statutory rights of way and other charges which are Permitted Encumbrances that are registered against the Lands in priority to this Lease in the course of creating such air space parcel;
 - (c) "Alterations" means all alterations, changes, replacements, substitutes, additions and improvements to the Building;
 - (d) "Approved Lender" means any Mortgagee approved by Canada Mortgage and Housing Corporation for the purpose of making loans under the *National Housing Act* (Canada);
 - (e) "Architect" means the architect qualified as such pursuant to the laws of the province of British Columbia who is supervising the design, construction, repair, renovation and/or reconstruction of the Building;

- (f) "Basic Rent" means ten dollars (\$10.00);
- (g) "Building" means the building(s) and all other structures to be constructed on the Lands, together with all Alterations or repairs thereto and all improvements from time to time constructed upon or affixed or appurtenant to the Lands;
- (h) "City" means the municipality and corporation of the City of Courtenay;
- (i) "Commencement of Construction" means the later of the date when the first building permit for the Building is issued to the Lessee by the City and the date when the Lessee's contractor commences any work on the Lands related to construction of the Building;
- (j) "Commission" means British Columbia Housing Management Commission or its successors in function;
- (k) "Corporation" means Canada Mortgage and Housing Corporation or its successors in function, or the Commission;
- (l) "Eligible Occupant" means a person who, during the time that such person is a tenant in the Building, meets the criteria prescribed in an Operator Agreement or prescribed in a separate document provided by the Commission and delivered to the Lessee from time to time;
- (m) "General Instrument" means the Form C - *Land Title (Transfer Forms) Regulation* pursuant to the *Land Title Act* (British Columbia), and all schedules and addenda to the Form C;
- (n) "Insured Loan" means a loan in respect of which an insurance policy has been issued under the *National Housing Act* (Canada) and is in force;
- (o) "Interest Adjustment Date" means the date from which the principal amount of the Insured Loan together with interest thereon becomes payable by regular instalments;
- (p) "Lands" means all of the Lessor's interest in the land described in the General Instrument, including every incidental right, benefit or privilege attaching to that land or running with it;
- (q) "Lease" means this Lease;
- (r) "Lease Commencement Date" means the date this Lease is registered at the Victoria Land Title Office;
- (s) "Lessee" means PRHC;
- (t) "Lessor" means the City of Courtenay;
- (u) "Losses" means liabilities, actions, judgments, claims, losses, damages, fines, penalties, expenses, professional and other fees and disbursements, and costs;
- (v) "Mortgage" means a registered mortgage or registered mortgages granted by the Lessee in accordance with section 16.1 upon or in respect of the interest of

the Lessee in the Lands and the Building or any part thereof and includes any deed of trust and mortgage to secure any bonds or debentures issued thereunder;

- (w) "Mortgagee" means a mortgagee or mortgagees under a Mortgage and includes any trustee for bondholders or debenture holders under a deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- (x) "Operator" means a non-profit organization with which the Commission has entered into an Operator Agreement;
- (y) "Operator Agreement" means an agreement or agreements entered into or to be entered into between the Commission and an Operator that relates to the management of the Building and the support services to be provided to the Eligible Occupants;
- (z) "Permitted Encumbrances" means the charges and encumbrances, if any, registered on title on the Lease Commencement Date and any other charges specifically approved in writing by both the Commission and the Lessor;
- (aa) "Personnel" of a party means, as applicable, the elected officials and directors, officers, employees, servants and agents of that party;
- (bb) "Province" means Her Majesty the Queen in Right of the Province of British Columbia;
- (cc) "PRHC" means the Provincial Rental Housing Corporation;
- (dd) "Prime Rate" means the floating annual percentage rate of interest established from time to time by the main branch of the Bank of Montreal located in Vancouver, British Columbia, or its successor, as the base rate that will be used to determine rates of interest charged by it for Canadian dollar loans to customers in Canada and designated by the Bank of Montreal as its "prime rate";
- (ee) "Realty Taxes" means all assessments for taxes, rates, duties (including school taxes, local improvement rates and other charges levied pursuant to the *Hospital District Finance Act* (British Columbia), the *Municipal Finance Authority Act* (British Columbia) or otherwise and all other charges for services used in or supplied to the Lands and the Building (including penalties and interest) that now are or will or may be levied, rated, charged or assessed against the Lands, the Building, and all other structures, machinery, equipment, facilities and other property of any nature whatsoever located thereon or therein, charged by any municipal, parliamentary, legislative, regional, school or other authority;
- (ff) "Review Date" means the date on which the constitution and bylaws of the Lessee are approved in writing by the Commission;
- (gg) "Term" means twenty-five (25) years commencing on the Lease Commencement Date;

- (hh) "Trustee" means a trust company duly authorized to carry on business in the Province of British Columbia and appointed by the Corporation, or the Lessor if the Corporation has no interest in the Lands and the Building, for the purposes of Article 9 of this Lease; and
- (ii) "Utilities" means all charges, rates and levies on account of utilities, including for heat, electricity, gas, telephone, television, internet and other costs and expenses of a similar nature, and, if not included in Realty Taxes, for water and garbage collection.

1.2 Any reference in this Lease to legislation will be deemed to include all regulations thereto, all amendments and re-enactments thereof and all successor legislation.

ARTICLE 2 PAYMENT OF RENT

2.1 Basic Rent

The Lessee covenants and agrees with the Lessor to pay to the Lessor as rent the Basic Rent for the Term on the Lease Commencement Date.

2.2 Net Lease

All Basic Rent and Additional Rent required to be paid by the Lessee hereunder will be paid at such location as the Lessor may stipulate from time to time without any deduction, abatement or set-off whatsoever, it being the intention of this Lease that:

- (a) all expenses, costs, payments and outgoings incurred in respect of the Lands, the Building and any other improvements on the Lands or for any other matter or thing affecting the Lands, will, unless otherwise expressly stipulated herein to the contrary, be borne by the Lessee; and
- (b) the Basic Rent and Additional Rent payable under this Lease will be absolutely net to the Lessor and free of all abatements, set-off or deduction of any costs, payments and outgoing of every nature arising from or related to the Lands, the Building, or any other improvements on the Lands, and the Lessee will pay or cause to be paid all such costs, payments and outgoings.

2.3 Interest on Amounts in Arrears

When the Basic Rent, Additional Rent or any other amount payable hereunder by the Lessee to the Lessor is in arrears, such amount will bear interest at the Prime Rate plus three percent (3%) per annum, calculated and compounded monthly not in advance, from the date due until paid. Notwithstanding the foregoing, this section will not apply to defaults under sections 3.1 and 3.2.

2.4 Application of Section 2.3

Section 2.3 will apply only if the Commission is no longer obliged to provide operating assistance to the Building under the terms of the subsidy commitment contained in the Operator Agreement.

ARTICLE 3
PAYMENT OF TAXES

3.1 Payment of Realty Taxes if Lands Not Exempt

Save as otherwise provided in section 3.2, the Lessee will, during the Term, no later than the day immediately preceding the date or dates on which the Realty Taxes become due and payable, pay and discharge or cause to be paid and discharged the Realty Taxes and, if requested by the Lessor, will deliver to the Lessor for inspection receipts for payments of the Realty Taxes within fourteen (14) days of such payment. Not later than thirty (30) days following receipt of any tax assessment or notice the Lessor will deliver a copy of such assessment or notice to the Lessee.

3.2 Payment in Lieu of Realty Taxes if Lands Exempt

The Lessee covenants and agrees with the Lessor that if during the Term all or any part of the Lands, Building, structures, machinery, equipment and facilities thereon and therein and any other property of any nature whatsoever thereon and therein are exempt from Realty Taxes in whole or in part, then the Lessee will, in each and every year during the Term that such exemption occurs, pay to the Lessor as Additional Rent, at the same time as Realty Taxes would be payable if such exemption were not available, an amount equal to the amount that would be payable as Realty Taxes if such exemption were not available.

3.3 Right to Appeal Assessment

The Lessee will have the right from time to time to appeal, in its own or the Lessor's name, any assessment of the Lands or Building or any Realty Taxes referred to in sections 3.1 and 3.2, provided that such appeal will be at the sole expense of the Lessee.

3.4 Business Tax and License Fees

The Lessee covenants with the Lessor to pay or cause to be paid during the Term when due every tax and permit and license fee (including penalties and interest) in respect of any and every business carried on, in or upon the Lands or Building or in respect of the use or occupancy of the Lands or Building by the Lessee (and any and every sublessee, permittee and licensee), other than such taxes as corporate income, profits or excess profit taxes assessed upon the income of the Lessee (or such sublessee, permittee and licensee), whether such taxes or permit and license fees are charged by any municipal, parliamentary, legislative, regional or other authority.

3.5 Other Taxes

The Lessee will pay when due all goods and services taxes, value-added taxes, sales taxes and consumption based taxes, rates, levies and assessments, including penalties and interest, that are from time to time payable by the Lessee as a result of its rights and obligations contained in this Lease, including but without derogating from the generality of the foregoing, such taxes, rates, levies and assessments payable as a result of any payment obligations herein of the Lessee to the Lessor.

3.6 Pro-rating Obligations

In the first and last years of the Term, the Lessee's obligations under sections 3.1 and 3.2 will be pro-rated according to the portion of the year included in the Term, such pro-rating to be on a per diem basis.

3.7 Application of Sections 3.1 and 3.2

Sections 3.1 and 3.2 will not apply during such time as the Building is used or is intended to be used to house Eligible Occupants, it being the intent of the parties that the Lands and Building will be exempt from Realty Taxes or payments in lieu of Realty Taxes if the Building is intended to be used to house Eligible Occupants.

ARTICLE 4 CONSTRUCTION OF BUILDING

4.1 Lessee to Construct Building

The Lessee will construct the Building, together with other facilities ancillary thereto and connected therewith, on the Lands in substantial accordance with the drawings, specifications (including materials to be used), elevations, location on the Lands and exterior decoration and design and all other documents and information upon which the issuance of the building permits by the City are based and that have been approved by the Lessor and the Commission. No changes will be made to such drawings, specifications, elevations, location, exterior decoration and design, other documents or information, or to the requirements of such building permits without the approval of the Lessor and the Commission, provided that the Commission may approve minor changes allowed by the building permit(s) for the Building without the approval of the Lessor.

4.2 Substantial Completion of Building

For the purposes of this Article 4, the Building will be deemed to have been substantially completed when the Architect has certified to, or otherwise satisfied, the Lessor and the Commission that, with respect to the Building:

- (a) all work of a structural nature has been properly completed;
- (b) all building equipment and services, including elevators (if any), heating systems and air-conditioning systems (if any), and utilities have been completed, are operating properly and are available for use by tenants of the Lessee, and all lobbies, stairwells and other areas intended for the common use of tenants of the Lessee are completed except for work of a superficial nature, which is both minor in character and of a type that, owing to the likelihood of damage, may reasonably be deferred until the Building is partially or substantially occupied by tenants of the Lessee;
- (c) all building bylaws and regulations of the City have been complied with by the Lessee;
- (d) all rentable space is completed for occupancy except for work of a superficial nature that is dependent upon unascertained requirements of individual

tenants of the Lessee, and work that is reasonably and customarily performed by tenants of the Lessee;

- (e) all areas are clean and all surplus building material and rubbish have been removed;
- (f) the Building is in a condition in which it can be occupied by tenants of the Lessee, and any work that is still unfinished can be completed promptly and is work the incompleteness of which will not be objectionable to a tenant of the Lessee acting reasonably;
- (g) the Building has been constructed in all respects in a good and workmanlike manner and in accordance with the drawings and specifications, location on the Lands and the exterior decoration and design approved in writing by the Lessor, and in compliance with all building permits issued by the City; and
- (h) a certificate of completion has been issued in respect of the Building pursuant to the *Builders Lien Act* (British Columbia).

4.3 Termination of Lease on Failure to Construct

Subject to sections 4.6 and 18.2 and Article 23, if Commencement of Construction has not taken place within one hundred and eighty (180) days of the Lease Commencement Date, or if construction of the Building is not substantially completed in accordance with the requirements of section 4.1 within one hundred and eighty (180) days after the second anniversary of the Lease Commencement Date, the Lessor will have the option at any time thereafter to terminate this Lease, and in such event this Lease will terminate and be of no further force or effect and without any reimbursement or compensation to the Lessee, unless the Lessor consents in writing to extend the deadline for Commencement of Construction, such consent not to be unreasonably withheld.

4.4 Landscaping

Within one hundred and eighty (180) days of substantial completion of the Building, the Lessee will landscape the Lands and thereafter maintain the landscaping in accordance with landscaping plans that have been approved by the Commission.

4.5 Alterations After Substantial Completion

After substantial completion of the Building, the Lessee will not make or permit to be made any Alterations affecting the structure of the Building or the exterior appearance of the Building without the written approval of the Lessor and the Commission, which approval the Lessor and the Commission will not unreasonably withhold. No Alterations involving an estimated cost of more than Three Hundred Thousand Dollars (\$300,000.00) (in 2018 dollars) will be undertaken until the Lessee has submitted or caused to be submitted to the Lessor and the Commission such drawings, specifications (including the materials to be used), elevations (where applicable), locations (where applicable), exterior decoration and design and such other documentation and information as the Lessor and the Commission may request in connection with the proposed Alterations, and until all of the same have been approved in writing by the Lessor and the Commission, which approval the Lessor and the Commission will not unreasonably withhold. The Lessee covenants and agrees with

the Lessor and the Commission that, subject to section 4.6, all Alterations undertaken by or for the Lessee once begun will be prosecuted with due diligence to completion.

4.6 Unavoidable Delays

If, by reason of strike, lock-out or other labour dispute, material or labour shortage not within the control of the Lessee, fire, explosion, flood, wind, water, earthquake, act of God or other similar circumstances beyond the reasonable control of the Lessee and not avoidable by the exercise of reasonable effort or foresight by the Lessee, the Lessee is, in good faith and without default or neglect on its part, prevented or delayed in achieving Commencement of Construction or substantial completion of the Building in accordance with section 4.2 or the repair of the Building or any part or parts of the Building which under the terms of this Lease the Lessee is required to do by a specified date or within a specified time, the date or period of time within which such work was to have been completed will be extended by the Lessor by a reasonable period of time at least equal to that of such prevention or delay, and the Lessee will not be deemed to be in default if it performs and completes the work in the manner required by the terms of this Lease within such extended period of time or within such further extended period of time as may be agreed upon from time to time between the Lessor, the Lessee and the Commission.

ARTICLE 5 BUILDERS LIENS

5.1 Builders Liens

In connection with all labour performed on or materials supplied to the Lands, including but not limited to the construction of the Building, the Lessee will comply with, and will cause any contractor hired by it to comply with, the provisions of the *Builders Lien Act* (British Columbia), and with all other statutes applicable in connection therewith and in force from time to time, including any provision or statute requiring or permitting the retention of portions of any sums payable by way of holdbacks.

5.2 Discharge of Builders Liens

If and whenever any builders lien, or other lien or claim arises or is filed against the Lessor's interest in the Lands in connection with work, labour, services or materials supplied to or for the Lessee or for the cost of which the Lessee may in any way be liable, the Lessee will, within fifteen (15) days after receipt of notice of such lien or claim, procure the discharge thereof, and the discharge of any certificate of pending litigation registered in respect of any such lien or claim, by payment or giving security or in such other manner as may be required or permitted by law; provided, however, that in the event of a bona fide dispute by the Lessee of the validity or correctness of any claim for any such lien, the Lessee will not be bound by the foregoing, but will be entitled to defend against the same in any proceedings brought in respect thereof after first paying into a court of competent jurisdiction the amount claimed or sufficient security therefor, and such costs as the court may direct. The Lessor may pay and discharge any lien claim if, in its reasonable judgement, the Lands or the Lessor's interest in the Lands becomes liable to forfeiture or sale, or is otherwise in jeopardy. The Lessee will reimburse to the Lessor any amount paid by the Lessor in discharging a lien claim and the Lessor's reasonable expenses in connection therewith.

5.3 Notice by Lessor

Pursuant to section 3(2) of the *Builders Lien Act*, the Lessor may file in the Land Title Office notice of its fee simple interest in the Lands and for all purposes of this Lease the construction of the Building by the Lessee will be deemed not to be done at the request of the Lessor.

ARTICLE 6 RESTRICTIONS ON OPERATIONS AND USE

6.1 Use

Unless otherwise agreed to in writing by the Lessor and the Commission, the Lessee covenants and agrees with the Lessor and the Commission that neither the Lands nor Building nor any part of the Lands or Building will be used for any purpose except that of housing Eligible Occupants, subject always to the laws, bylaws, regulations and permits governing the use of the Lands and Building from time to time. Neither the Lands nor Building nor any part of the Lands or Building will be used for business, trade or manufacture without the written approval of the Lessor and the Commission, which approval the Lessor and the Commission may arbitrarily withhold. If, however, the Lessor and the Lessee determine that it is not practical or commercially reasonable to continue to carry on the use described in section 6.1, the Lessee may commence to use and occupy the Lands and Building for another use, including a commercial use that is approved by the Lessor, and if it elects to do so:

- (a) the Basic Rent will be adjusted, from time to time, to reflect the fair rental value of the Lands, without reference to the Building, given the use to which the Lands and Building are put, from time to time. If the parties cannot agree on the Basic Rent or the dates when the Basic Rent is to be adjusted, the Basic Rent and/or adjustment dates will be settled by arbitration pursuant to Article 19; and
- (b) the Lands and Building will not be exempt from Realty Taxes.

6.2 No Nuisance

The Lessee will not carry on, or suffer or permit to be carried on, upon the Lands anything which would constitute a nuisance to the Lessor or to any neighbouring properties or their owners or occupants provided, however, the occupation of the Lands and Building by Eligible Occupants in accordance with the terms of this Lease shall not constitute a nuisance.

6.3 No Subdivision

The Lessee covenants that it will not subdivide the Lands or the Building pursuant to the *Strata Property Act* (British Columbia).

6.4 Constitution

The Lessee agrees that without the prior written consent of the Commission, it will not amend or permit its constitution to be amended or varied in any way from the constitution filed in the British Columbia Corporate Registry as of the Review Date. If

the Review Date is not established by the Commission, the Lease Commencement Date will be deemed to be the Review Date.

6.5 Restriction on Contracting

The Lessee covenants that:

- (a) it will not pay directly or indirectly to any of its directors or their relatives by blood or marriage (including common-law marriage) any money obtained from the operation of the Lands or the Building, or from the operation of other premises leased from the Lessor, or otherwise received from the Lessor, the Commission or the Province, without the express written consent of the Lessor, the Commission and/or the Province, as the case may be;
- (b) it will not, by contract or otherwise, pay to any of its former directors or their relatives by blood or marriage (including common-law marriage), pursuant to any contract or arrangement made when the former director was a director of the Lessee, money obtained from the operation of the Lands or the Building, or from the operation of other premises leased from the Lessor, or otherwise received from the Lessor, the Commission or the Province, without the express written consent of the Lessor, the Commission and/or the Province, as the case may be;
- (c) subject to sub-paragraphs (a) and (b), the Lessee may enter into bona fide arm's length contracts with occupants of the Building for the provision of services in furtherance of the good management of the Lands and the Building; and
- (d) notwithstanding the foregoing, the Lessee may reimburse its directors or occupants of the Building for out-of-pocket expenses incurred for the proper management of the Lands or the Building but only upon the proof of such expenditure by the production of bona fide receipts.

The Lessor may not terminate this Lease on account of a breach of this section 6.5 but such directors will forthwith and forever be disqualified from such directorship.

6.6 Permitted Encumbrances

During the Term, the Lessee, at its expense, will perform and observe all of the obligations of the Lessor and may enjoy all of the rights of the City as Lessor (but not those rights of the City in its regulatory capacity) set out in the Permitted Encumbrances. None of the Permitted Encumbrances will merge or be deemed to have merged with the Lessor's title to the Lands, and accordingly all Permitted Encumbrances will be deemed to be in full force and effect. The Lessor will execute such documents as might reasonably be requested by the Lessee to enable it to comply with its obligations and to enjoy its rights in respect of the Permitted Encumbrances. The Lessee further covenants and agrees with the Lessor that if the City exercises any of its rights in its regulatory capacity under the Permitted Encumbrances, such exercise will not be a breach of the Lessor's covenant for quiet enjoyment.

6.7 Obligations of the Commission

The Commission will:

- (a) cause the Operator to use the Lands and the Building in a manner that is consistent with the Lessee's obligations contained in section 6.1;
- (b) cause the Operator to operate the Building on a non-profit basis such that there will be no accumulation of funds in excess of those needed to maintain the Lands and repair, replace, operate and manage the Building in the manner approved by the Commission; and
- (c) provide the Lessor with current copies of the Operator Agreement upon the request of the Lessor.

ARTICLE 7 REPAIRS AND MAINTENANCE

7.1 Lessor Not Obligated to Repair

The Lessor will not be obliged to furnish any services or facilities or to make repairs or Alterations in or to the Lands or the Building, and the Lessee hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Lands and the Building and all expenses related thereto.

7.2 Repairs by the Lessee

Reasonable wear and tear excepted, so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Building:

- (a) the Lessee at the Lessee's cost and expense will put and keep in good order and condition, or cause to be put and kept in good order and condition, the Lands and Building (and any equipment located thereon and therein), both inside and outside, including but not limited to fixtures, walls, foundations, roofs, stairways, elevators (if any) and similar devices, heating and air conditioning equipment, sidewalks, yards and other like areas, water and sewer mains and connections, water, steam, gas and electric pipes and conduits, and all other fixtures and appurtenances to the Lands and the Building and machinery and equipment used or required in the operation thereof, whether or not enumerated herein, and will, in the same manner and to the same extent as a prudent owner, make any and all necessary repairs and, subject to section 4.5, Alterations, ordinary or extraordinary, foreseen or unforeseen, structural or otherwise, and keep the Building and any and all fixtures and equipment therein fully usable for the purposes for which the Building was constructed. Such repairs and Alterations will be in all respects to a standard at least substantially equal in quality of material and workmanship to the original work and material in the Building, and will in each case be performed only in accordance with all applicable terms and conditions of the Permitted Encumbrances;
- (b) the Lessee will not commit or suffer waste to the Lands or the Building or any part thereof;

- (c) at the expiration or earlier termination of this Lease, the Lessee will, except as otherwise expressly provided herein, surrender and deliver up the Lands with the Building, and the fixtures, appurtenances and equipment thereon and therein, or any replacements or substitution therefor, in good order and condition subject to reasonable wear and tear; and
- (d) if the Lessee does not fulfil its obligations set out in this Article 7, the Lessor or the Commission, through their agents, servants, contractors and subcontractors, may, but will not be obliged to, enter (without hindrance by the Lessee) upon the Lands and the Building as required for the purpose of making any repairs necessary to put the Lands and the Building in good order and condition, provided that the Lessor or the Commission will make such repairs only after giving the Lessee not less than fourteen (14) days written notice of its intention to do so, except in the case of an emergency when no notice will be required. Any costs and expenses (including overhead costs) incurred by the Lessor or the Commission in making such repairs to the Lands and Building will be reimbursed to the Lessor or the Commission, as the case may be, by the Lessee on demand, together with interest at the Prime Rate plus three percent (3%) per annum, calculated and compounded monthly, from the date incurred until the date paid.

7.3 Removal of Ice and Snow from Sidewalks

The Lessee covenants and agrees with the Lessor that if the Lessee at any time fails to keep the public sidewalk adjacent to the Lands reasonably clean from rubbish, ice and snow during the times and to the extent lawfully required of an owner, the Lessor, through its agents, servants, contractors and subcontractors, may remove such rubbish, ice and snow and the Lessor will not be required to give the Lessee any notice of its intention to do so. Any costs and expenses incurred by the Lessor in removing such ice and snow will be reimbursed to the Lessor by the Lessee on demand, together with interest at the Prime Rate plus three percent (3%) per annum, calculated and compounded monthly, from the date incurred until paid.

ARTICLE 8 ADDITIONAL RENT

8.1 All Defaults in Payment as Additional Rent

If the Lessee defaults in the payment of any sums required to be paid by it pursuant to the terms of this Lease, or fails to fulfil any of its obligations under this Lease, the Lessor may (but will be under no obligation to do so) pay such sums or fulfil such obligations on behalf of the Lessee, and any losses, costs, charges and expenses suffered by the Lessor as a result, including sums payable by way of indemnity, whether or not expressed in this Lease to be rent, may at the option of the Lessor be treated as and deemed to be Additional Rent, in which event the Lessor will have all remedies for the collection of such sums, costs, expenses or other amounts when in arrears as are available to the Lessor for the collection of rent in arrears.

ARTICLE 9 INSURANCE

9.1 Insurance During Construction of Building

Prior to the Commencement of Construction of the Building, and throughout the entire period of construction until substantial completion of the Building pursuant to section 4.2, the Lessee will effect or will cause its contractor or contractors to effect and maintain in full force the following insurance coverage:

- (a) wrap-up liability insurance with limits of not less than Five Million Dollars (\$5,000,000), or such other amount as the Lessor and the Commission may require from time to time, per occurrence, issued in the joint names of the Lessee, the Lessor, the Commission, the Lessee's contractors, any subcontractors and their respective Personnel, protecting them against claims for bodily injury, death or property damage or other third party or public liability claims arising from any accident or occurrence upon, in or about the Lands from any cause, including the risks occasioned by the construction of the Building; and
- (b) all-risk course of construction insurance issued in the joint names of the Lessee, the Lessor and the Commission, protecting them from all loss or damage of or to the Building and all fixtures, equipment, improvements and building materials on the Lands from time to time, both during and after construction (but which may be by different policies effected from time to time covering the risk during different phases of construction of the Building, provided that at no time will the Building be uninsured) against fire, earthquake, flood and all other perils from time to time customarily included in the usual all-risks builders' risk form of policy applicable to similar properties during construction and effected in the Province of British Columbia by prudent owners, and such other perils as the Lessor or the Commission may reasonably require to be insured against, to the full replacement value thereof at all times.

9.2 Commercial General Liability Insurance

The Lessee will effect and keep in force commercial general liability insurance with limits of not less than Five Million Dollars (\$5,000,000), or such other amount as the Lessor and the Commission may require from time to time, per occurrence, against public liability claims for bodily injury, death and property damage (including loss of use) arising from the Lessee's use and occupancy of the Building and from any occurrence or accident on the Lands or Building. Such insurance will be written on an occurrence basis and will provide for blanket contractual liability, including liability assumed by the Lessee under this Lease. The policy will also contain a cross liability or severability of interests clause and will name the Lessor, the Commission and their respective Personnel as additional insureds with respect to third party claims arising out of the Lessee's operations pursuant to this Lease.

9.3 All Risk Property and Pressure Vessel Insurance

Immediately following substantial completion of the Building and at all times thereafter during the Term, the Lessee will effect and maintain property insurance in the joint names of the Lessor, the Commission and the Mortgagee (if any) as their

interests may appear, to the full replacement value of the Building and fixtures on the Lands, protecting them against "All Perils" of loss or damage including flood, sewer backup and earthquake, and will include boilers and pressure vessels, protecting against usual and unusual perils, including damage caused by rupture of steam pipes. The policies described in this section 9.3 will contain a clause directing insurers to make losses payable to the Lessee, the Lessor, the Commission and the Mortgagee as their interests may appear.

9.4 Insurance - Additional Provisions

The following provisions will apply to all policies of insurance which are referred to in this Article 9:

- (a) the policies will be primary and non-contributing with respect to any policy or self-insured fund otherwise held or established on behalf of the Lessor or the Commission;
- (b) the stated amount of value insured under property policies will be of sufficient amount that none of the Lessee, the Commission nor the Lessor will become co-insurers with respect to any loss claimed against the insurance;
- (c) each policy will be written on a form acceptable to the Lessor and the Commission and with insurers licensed to do business in the Province of British Columbia and acceptable to the Lessor and the Commission;
- (d) any deductible amounts applying to a claim against a policy will be of an amount approved by the Lessor and the Commission;
- (e) each policy will contain a clause requiring that the insurers provide to the Lessor and the Commission a minimum of sixty (60) days prior written notice of any cancellation (except for cancellation resulting from non-payment of premiums, in which case applicable statutory provisions will apply); and
- (f) all premiums and deductibles required under said policies will be paid by the Lessee to the insurers and proof of such payment will be submitted to the Lessor and the Commission.

In addition to the notification obligations of the insurers required by section 9.4(e), the Lessee will provide to the Lessor and the Commission a minimum of sixty (60) days prior written notice of any cancellation, lapse or material change resulting in reduction of coverage, either in whole or in part, in respect of any of the policies of insurance which are referred to in this Article 9.

9.5 Evidence of Insurance

Prior to the Lease Commencement Date the Lessee will provide the Lessor and the Commission with evidence of all insurance required to be taken out pursuant to this Lease, in the form of one or more detailed certificates of insurance, in such form(s) and contents as the Lessor and the Commission requests. Each certificate of insurance must identify the Lease number, policy holder and subject matter, and must not contain any disclaimer. Thereafter, and throughout the Term, forthwith upon request by the Lessor or the Commission, similar evidence of renewals, extensions or replacement of such insurance will be provided in the form of such certificate(s) of

insurance. In addition, if requested by the Lessor or the Commission at any time, the Lessee will forthwith deliver to the Lessor or the Commission, as applicable, a certified copy of each insurance policy requested.

9.6 Payment of Loss Under Insurance Policies

The insurance monies payable under the policies of insurance referred to in this Article 9, will, notwithstanding the terms of the policy or policies, be paid to the Trustee on behalf of the Lessee, the Lessor, the Commission and the Mortgagee. The Lessee, the Lessor and the Commission agree that the Trustee will, subject to section 10.5, pay for all restoration, reconstruction or replacement of the loss or damage in respect of which such insurance monies were paid to the Trustee out of such insurance monies in accordance with certificates of the Architect or such other person as the Lessee, the Lessor and the Commission may agree upon and who is in charge of such restoration, reconstruction or replacement, after receiving such other certificates, evidence or opinions as the Trustee will require for the purpose of being satisfied that such restoration, reconstruction or replacement is being properly carried out. If the Lessee fails to restore, reconstruct or replace the loss or damage in respect of which the insurance monies were paid to the Trustee within a reasonable time, the Lessor and the Commission will be entitled to effect such restoration, reconstruction or replacement and the Trustee will pay such insurance monies to the Lessor or the Commission in the same manner that the Trustee would have done had the Lessee effected such restoration, reconstruction or replacement.

9.7 Workers Compensation Coverage

At all times during the Term, the Lessee will, and will cause its Personnel and all others engaged in or upon any work on the Building or the Lands to, comply with the *Workers Compensation Act* (British Columbia) (the "WCA") and the requirements and regulations under the WCA in respect of the Building and the Lands. Without limiting the generality of the foregoing, the Lessee will:

- (a) require as a condition of any agreement made with respect to construction, repair, renovation or demolition of the Building, whether with contractors, materialmen or otherwise, that there is full workers compensation insurance coverage in place in respect of all workers, employees, servants and others engaged in or upon any work, and that all workers, contractors or other persons require the same of their workers and subcontractors. The Lessee will immediately notify the Lessor and the Commission of any dispute involving third parties that arises in connection with obtaining and maintaining the workers compensation insurance coverage required hereby if such dispute results or may result in the required insurance coverage not being in place, and the Lessee will take all reasonable steps to ensure resolution of such dispute forthwith. The Lessee will further ensure that no amount payable pursuant to the WCA is left unpaid so as to create a lien on the Lands or the Building. If the workers compensation insurance coverage required by this section 9.7 is not in place, the Lessor and the Commission will be entitled to have recourse to all remedies specified in this Lease or at law or equity; and
- (b) be deemed to be, and is hereby designated and appointed by the Lessor as, the "Prime Contractor" as that term is defined in section 118 of the WCA for the purposes of the WCA and related regulations, including the Occupational Health and Safety Regulation (the "OHS Regulation"), and the requirements and

regulations of WorkSafeBC, and will in that capacity strictly comply with all requirements applicable to that designation, as they may be amended from time to time. Notwithstanding the foregoing, with the prior written consent of the Lessor, a contractor hired by the Lessee to perform work on the Lands on its behalf may be designated as the Prime Contractor instead of the Lessee.

9.8 Release of Lessor and Commission from Liability for Insured Loss or Damage

The Lessee hereby releases the Lessor and the Commission and their respective Personnel, whether or not the Lessor, the Commission and their respective Personnel have been negligent, from any and all liability for loss or damage caused by any of the perils against which the Lessee will have insured or is obligated to insure pursuant to the terms of this Lease or any applicable law, or self insures if it elects to do so under section 9.9, the intent being that the Lessee's policies of insurance will contain a waiver of subrogation in favour of the Lessor and the Commission or, if the Lessee elects to self insure under section 9.9, the Lessee will release the Lessor and the Commission from any and all liability for loss or damage caused by the perils referred to in sections 9.1(b) and 9.2 to the same extent as if the Lessee had taken out insurance.

9.9 Insurance Exemption for Corporation and PRHC

Notwithstanding anything contained in this Lease, if for any reason and at any time the Corporation or PRHC is the Lessee, the Corporation or PRHC, as the case may be, will not be under any obligation to take out and keep in force any of the insurance required to be taken out and kept in force under sections 9.1(b) and 9.3 of this Lease.

ARTICLE 10 DAMAGE OR DESTRUCTION

10.1 Rent Not to Abate

Subject to the provisions of sections 10.5 and 10.6, the partial destruction or damage or complete destruction by fire or other casualty of the Building will not result in the termination of this Lease or entitle the Lessee to surrender possession of the Lands or the Building or to demand any abatement or reduction of the Basic Rent or Additional Rent or other charges payable under this Lease, any law or statute now or in the future to the contrary notwithstanding.

10.2 Lessee's Obligation When Building Partially Damaged or Destroyed

Subject to the provisions of sections 10.5 and 10.6 and any Air Space Parcel Charges applicable, the Lessee covenants and agrees with the Lessor and the Commission that in the event of partial damage to or partial destruction of the Building, the Lessee will either:

- (a) replace any part of the Building damaged or destroyed with a new structure in accordance with any agreement which may be made by the Lessee with the Lessor and the Commission; or
- (b) in the absence of any such agreement, repair or replace such damage or destruction to a standard comparable to the standard of the structure being repaired or replaced.

10.3 Lessee's Obligations When Building Completely or Substantially Destroyed

Subject to the provisions of sections 10.5 and 10.6 and any Air Space Parcel Charges applicable, the Lessee covenants and agrees with the Lessor and the Commission that in the event of complete or substantially complete destruction of the Building, the Lessee will either:

- (a) reconstruct or replace the Building with a new structure or structures in accordance with any agreement which may be made by the Lessee with the Lessor and the Commission; or
- (b) in the absence of any such agreement, replace the Building with a new structure or structures comparable to the structure or structures being replaced.

10.4 Replacement, Repair or Reconstruction

Any replacement, repair or reconstruction of the Building or any part thereof pursuant to the provisions of section 10.2 or 10.3 will be made or done in compliance with section 4.5 and Article 7.

10.5 Special Provisions Where Approved Lender or Corporation is Mortgagee

- (a) If the Building is damaged or destroyed to the extent of at least twenty-five percent (25%) of the full replacement cost of the Building, and at the time of such damage or destruction the Mortgagee is an Approved Lender, and such Mortgagee notifies the parties that the insurance monies made available by reason of the casualty causing such damage or destruction will not be applied in repairing, reconstructing or replacing the Building, and the right to so elect is reserved to the Mortgagee under the terms of the Mortgage, then the Lessee may decline to repair, reconstruct or replace the Building and instead elect to terminate this Lease, provided that the Lessee makes such election within sixty (60) days after the date on which the Building was so damaged or destroyed and notifies the Lessor and the Commission of its election forthwith after making it. If the Lessee does not elect to so terminate this Lease, then the Lessee will repair, reconstruct or replace the Building or any part thereof damaged or destroyed in accordance with section 10.2 or section 10.3, as the case may be, and section 10.4;
- (b) If the Mortgagee is the Corporation and it attorns to the Lessor as tenant and undertakes to be bound by and perform the covenants and agreements of the Lease, and subsequently during the Term the Building is damaged or destroyed to the extent of at least twenty-five percent (25%) of the full replacement cost of the Building, the Corporation as tenant may at its option either repair, reconstruct or replace the Building so damaged or destroyed or decline to repair, reconstruct or replace the Building and instead elect to terminate this Lease, provided that the Corporation as tenant makes such election within sixty (60) days after the date on which the Building was so damaged or destroyed and notifies the Lessor and the Commission of its election forthwith after making it. If the Corporation as tenant does not so elect to terminate this Lease, then the Corporation as tenant will repair, reconstruct or replace the Building or any part thereof damaged or destroyed in accordance with section 10.2 or section 10.3, as the case may be, and section 10.4;

- (c) As soon as reasonably possible, but not later than one hundred and eighty (180) days following the date of termination of this Lease by the Lessee pursuant to section 10.5(a) or section 10.5(b), the Lessee will demolish and completely remove the Building and all foundations and debris from the Lands and restore the Lands to a neat and level condition in a good and workmanlike manner. Any insurance money payable by reason of any fire or other casualty causing such destruction will, notwithstanding the provisions of Article 9, be distributed as follows:
- (i) firstly, to reimburse the Lessee for all costs and expenses necessarily incurred by the Lessee in the demolition and removal of the Building and all foundations and debris from the Lands and the restoration of the Lands as aforesaid;
 - (ii) secondly, to pay and satisfy the Mortgage, if any;
 - (iii) thirdly, to pay the balance of the insurance monies, if any, as follows:
 - A. to the Lessor, the amount calculated as follows:
$$\text{amount payable} = (\text{balance of insurance monies}) \times (\text{days in expired portion of the Term} \div \text{total days in Term}); \text{ and}$$
 - B. to the Lessee, the amount calculated as follows:
$$\text{amount payable} = (\text{balance of insurance monies}) \times (\text{days remaining in the Term} \div \text{total days in Term}),$$provided however that any amount so payable to the Lessee will be paid directly to the Commission;
- (d) If this Lease is terminated pursuant to this section 10.5, then upon the Lessee substantially completing the work required by section 10.5(c), the Lessor will forthwith refund to the Commission a portion of the prepaid Basic Rent that has been paid pursuant to this Lease, calculated as follows:
- $$\text{amount payable} = (\text{prepaid Basic Rent}) \times (\text{days remaining in the Term as of the date of such substantial completion of work} \div \text{total days in the Term}),$$
- provided however that the Commission hereby assigns such refund to all Mortgagees, if any, and such refund will be paid by the Lessor to such Mortgagees in the same priority as registration of their Mortgages, if any;
- (e) Notwithstanding anything contained herein, in the event the Lessee terminates this Lease in accordance with this section 10.5, this section will nevertheless survive such termination and remain in full force and effect and be binding upon the parties and their respective successors and assigns so long as any obligations of the parties under this section 10.5 or any part thereof remains unperformed; and
- (f) The provisions of this section 10.5 are subject always to the provisions of section 10.6.

10.6 Destruction or Damage During Last Five Years of Term

- (a) In the event of the complete or substantial destruction of the Building during the last five (5) years of the Term, the Lessee may, at its option, either reconstruct or replace the Building so destroyed or damaged in accordance with section 10.3 or decline to do so, and instead elect to terminate this Lease, provided that the Lessee makes such election within sixty (60) days after the date on which the Building was so destroyed and notifies the Lessor of its election forthwith after making it;
- (b) As soon as reasonably possible, but not later than one hundred and eighty (180) days following the date of termination of this Lease by the Lessee pursuant to section 10.6(a), the Lessee will demolish and completely remove the Building and all foundations and debris from the Lands and restore the Lands to a neat and level condition in a good and workmanlike manner. Any insurance money payable by reason of any fire or other casualty causing such destruction will, notwithstanding the provisions of Article 9, be distributed as follows:
- (i) firstly, to reimburse the Lessee for all costs and expenses necessarily incurred by the Lessee in the demolition and removal of the Building and all foundations and debris from the Lands and the restoration of the Lands as aforesaid;
 - (ii) secondly, to pay and satisfy the Mortgage, if any;
 - (iii) thirdly, to pay the balance of the insurance monies, if any, as follows:
 - A. to the Lessor the amount calculated as follows:

$$\text{amount payable} = (\text{balance of insurance monies}) \times (\text{days in expired portion of the Term} \div \text{total days in Term}); \text{ and}$$
 - B. to the Lessee the amount calculated as follows:

$$\text{amount payable} = (\text{balance of insurance monies}) \times (\text{days remaining in the Term} \div \text{total days in Term}),$$

provided however that any amount payable to the Lessee will be paid directly to the Commission;
- (c) If this Lease is terminated pursuant to this section 10.6, then upon the Lessee, substantially completing the work required by section 10.6(b), the Lessor will forthwith refund to the Commission a portion of the prepaid Basic Rent that has been paid pursuant to this Lease, calculated as follows:
- $$\text{amount payable} = (\text{prepaid Basic Rent}) \times (\text{days remaining in the Term as of the date of substantial completion of such work} \div \text{total days in the Term}),$$
- provided however that the Commission hereby assigns such refund to all Mortgagees, if any, and such refund will be paid by the Lessor to such Mortgagees in the same priority as registration of their Mortgages, if any; and

- (d) Notwithstanding anything contained herein, in the event the Lessee terminates this Lease in accordance with this section 10.6, this section 10.6 will nevertheless survive such termination and remain in full force and effect and be binding upon the parties and their respective successors and assigns so long as any obligations of the parties under this section 10.6 or any part thereof remains unperformed.

ARTICLE 11
INSPECTION AND EXHIBITION BY LESSOR

11.1 Inspection by Lessor and Commission

The Lessor and the Lessee agree that it will be lawful for representatives of the Lessor and the Commission to enter the Lands and the Building at all reasonable times during the Term, with prior written notice to the Lessee, to examine the condition thereof. If the Lessor or the Commission determines that any of the repairs described in section 7.2 are required, notice of such required repairs will be given by the Commission or the Lessor to the Lessee, and the Lessee will within thirty (30) days after every such notice, or such longer period as provided in section 18.1(d), repair and make good accordingly.

11.2 Exhibition by Lessor

During the final year of the Term, the Lessor will be entitled to display upon the Lands the usual signs advertising the Lands and Building as being available for purchase or lease, provided such signs are displayed in such a manner as not to unreasonably interfere with the Lessee's use and enjoyment of the Lands and the Building.

ARTICLE 12
OBSERVANCE OF GOVERNMENTAL REGULATIONS

12.1 Compliance

The Lessee covenants to competently and faithfully observe and comply with all laws, bylaws and lawful orders which apply to the Lands and the Building or the Lessee's occupation of or activities on the Lands or in the Building, and to not use or occupy or permit to be used or occupied the Lands or the Building or any part thereof for any illegal or unlawful purpose or in any manner which would result in the cancellation or threatened cancellation of any insurance, or in the refusal of any insurer to issue any insurance as requested. If any law, bylaw or lawful order is directed at or places a duty or obligation upon the Lessor, with reference to the Lands and Buildings, then the same will be performed and observed by the Lessee, at its cost, in the place and stead of the Lessor.

ARTICLE 13
RIGHTS OF LESSOR AND LESSEE

13.1 As Landlord and Tenant

All rights and benefits and all obligations of the Lessor and the Lessee under this Lease will be rights, benefits and obligations of the Lessor and the Lessee respectively in their capacities as landlord and tenant respectively under this Lease.

13.2 Air Space Parcel Considerations

If the Building is going to be constructed in an air space parcel, the following provisions will apply:

- (a) the Lessee covenants with the Lessor to perform any obligation of the Lessor pursuant to any Air Space Parcel Charges;
- (b) each of the Lessee, the Lessor and the Commission acknowledges and agrees that it will not modify or replace the Air Space Parcel Charges without the prior written consent of the other parties; however, if any of the Air Space Parcel Charges contemplate future modification or replacement, if requested by the Lessor, the Lessee covenants with the Lessor that the Lessee will consent to such modification or replacement and perform the Lessor's obligations contained therein;
- (c) if the Lessor is obligated to pay the holders of the Air Space Parcel Charges for the value of any work or service benefiting the Lands and Building, the Lessee covenants with the Lessor to reimburse the Lessor for such amounts as Additional Rent, on demand; and
- (d) the Lessee covenants with the Lessor and the Commission, which will, at their option, be deemed to have an interest in all actions and arbitrations concerning the rights and obligations arising from the Air Space Parcel Charges, to promptly provide the Lessor and the Commission with written notice of all such actions and arbitrations and, if necessary, the Lessee consents to the Lessor and/or the Commission becoming a party to such actions or arbitrations. If the Lessee or the Commission may only be a party in the name of the Lessor, the Lessor covenants to permit such standing by the Lessee and the Commission in the Lessor's name.

ARTICLE 14 EXCLUSION OF LIABILITY AND INDEMNITY

14.1 Limitation of Liability and Release

Neither the Lessor nor the Commission nor their respective Personnel or contractors will be liable for, and the Lessee hereby releases the Lessor, the Commission and their respective Personnel and contractors from all Losses, including without limitation, Losses as a result of:

- (a) any bodily injury or death, however caused, suffered or sustained in or about the Lands or the Building; or
- (b) any property damage or other loss or damage of any nature whatsoever, however caused, to the Lands or the Building, or to any property belonging to the Lessee or to any other person in or about the Lands or the Building,

whether such Losses arise from an exercise of the Lessor's or the Commission's respective rights or privileges herein or otherwise, unless resulting from the respective negligence or unlawful acts of the Lessor, the Commission or their respective Personnel or contractors, as the case may be.

14.2 Exclusion of Liability

Notwithstanding section 14.1, neither the Lessor nor the Commission nor their respective Personnel or contractors will be liable for:

- (a) consequential, business, economic or indirect loss or damage of any nature whatsoever, however caused, which may be suffered or sustained by the Lessee or any other person who may be in or about the Lands or the Building; or
- (b) any loss against which the Lessee is obligated to insure or has insured.

14.3 Indemnification

The Lessee hereby agrees to indemnify and save harmless the Lessor, the Commission and their respective Personnel and contractors from and against all Losses which the Lessor, the Commission or their respective Personnel or contractors may suffer or incur arising out of, or in any way connected with this Lease; provided, however, that such indemnity will not apply to the extent, if any, to which such Losses result from the respective negligence or unlawful acts of the Lessor, the Commission or their respective Personnel or contractors, as the case may be. Without derogating from the generality of the foregoing, the Lessee agrees to indemnify and save harmless the Lessor, the Commission and their respective Personnel and contractors in respect of all Losses:

- (a) as a result of bodily injury or death, property damage or other damage arising from the conduct of any work by or any act or omission of or relating to or arising from the occupation or possession of the Lands and the Building by the Lessee or any assignee, subtenant, Personnel, contractor, invitee or licensee of the Lessee; or
- (b) suffered or incurred by the Lessor, the Commission or their respective Personnel and contractors that arise, whether directly or indirectly, from any breach by the Lessee, its Personnel, contractors or any other person for whom the Lessee is responsible in law, of any of its covenants and obligations under this Lease.

14.4 Indemnification Survives Termination of Lease

The obligations of the Lessee to indemnify the Lessor, the Commission and their respective Personnel and contractors will apply and continue notwithstanding the termination or expiration of this Lease.

14.5 Indemnity Exemption for PRHC

None of the provisions of the Lease, including section 24.2(g) which require the Lessee to indemnify the Lessor or the Commission will apply if PRHC is the Lessee under this Lease.

ARTICLE 15
SUBLETTING AND ASSIGNING

15.1 Subletting and Assigning by Lessee

The Lessee will not sublease, assign, transfer, sell or encumber its interest in the Lease or enter into any agreement for the purpose of sub-leasing, assignment, transferring, selling or encumbering its interest in the Lease, the Building or the Lands, except as expressly permitted in this Lease, or with the prior written consent of the Lessor and the Commission, which consent the Lessor and the Commission may arbitrarily withhold; provided, however, that if the Lessee is PRHC, the Corporation or a Mortgagee which is an Approved Lender, the Lessor and the Commission will not unreasonably withhold their consent. The Lessee may sublet or grant licences or other rights to occupy or use any part of the Building to:

- (a) Eligible Occupants; or
- (b) staff and other personnel authorized by the Lessor and the Commission who are required to operate and maintain the Building and the Lands for the purposes of this Lease.

15.2 Copies of Subleases

If requested by the Lessor or the Commission, a copy of any or all such subleases will be forwarded to the Lessor or the Commission, as the case may be, within thirty (30) days after entering into such subleases, together with particulars of registration (if any) in the Land Title Office.

15.3 Where Mortgagee is Approved Lender, Commission or Corporation

If a Mortgagee which is an Approved Lender, the Commission or the Corporation takes an assignment of the rents payable to the Lessee by holders of occupation rights granted by the Lessee pursuant to section 15.1, the Lessee is permitted to enter into such assignment of rents, without the consent of the Lessor or the Commission, as collateral or additional security for an Insured Loan, if such Mortgagee has registered that assignment in the Land Title Office as a charge against the interest of the Lessee in the Lands and the Building or any part thereof. The Lessor agrees that such an assignment of rents will have priority over any similar assignment of those particular rents granted to the Lessor by this Lease.

ARTICLE 16
MORTGAGE

16.1 Mortgaging by Lessee

The Lessee may mortgage its leasehold interest in the Lands and the Building only with the prior written consent of the Lessor, which consent may not be unreasonably withheld, and the Commission, which consent may be arbitrarily withheld. Notwithstanding any such Mortgage, the Lessee will be and remain liable for the payment of all Basic Rent and Additional Rent, and the performance of all of its obligations set out in this Lease.

16.2 Tripartite Agreement

At the request of the Mortgagee, the Lessor will execute and deliver to the Mortgagee an agreement among the Lessee, the Lessor and the Mortgagee, or between the Lessor and the Mortgagee, which will be binding and enforceable against the Lessee (if a party thereto), the Lessor and the Mortgagee and their successors and assigns, whereby the Lessor will agree with the Mortgagee to afford to the Mortgagee the rights and remedies afforded to Mortgagees under this Lease.

ARTICLE 17
BANKRUPTCY OF LESSEE

17.1 Bankruptcy of Lessee

Subject to the provisions of section 18.2(c), if the Term is at any time seized or taken in execution by any creditor of the Lessee, or if the Lessee makes a general assignment for the benefit of creditors, or institutes proceedings to subject itself to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it, or files an application or petition or answer or consent seeking reorganization or readjustment of the Lessee under any law of Canada or any province thereof relating to bankruptcy or insolvency, or consents to the filing of any such application or petition, or consents to the appointment of a receiver, or if the Lessee or its directors pass any resolution authorizing the dissolution or winding-up of the Lessee, or if a receiver, interim receiver, trustee or liquidator of all or any part of the property of the Lessee is appointed or applied for by the Lessee, or if a judgment, decree or order is entered by a court of competent jurisdiction adjudging the Lessee a bankrupt or insolvent or subject to the provisions of any applicable legislation determining the proceedings for reorganization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under any law of Canada or any province thereof relating to bankruptcy or insolvency has been properly instituted, then, subject to Section 23.1, this Lease will, at the option of the Lessor, immediately become terminated.

ARTICLE 18
DEFAULT BY LESSEE

18.1 Re-entry on Certain Defaults by Lessee

Subject to the provisions of sections 18.2 and 23.1, if and whenever:

- (a) Basic Rent or any part thereof is not paid on the day appointed for payment thereof; or
- (b) the Lessee defaults in payment of Additional Rent or any other sums required to be paid to the Lessor or the Commission by any provision of this Lease, and such default continues for thirty (30) days following any specific due date on which the Lessee is to make such payment or, in the absence of such specific due date, for thirty (30) days following notice by the Lessor or the Commission requiring the Lessee to pay the same; or
- (c) the Building is abandoned or remains vacant for more than thirty (30) days; or

- (d) the Lessee defaults in performing or observing any of its other covenants or obligations under this Lease, or any contingency occurs which by the terms of this Lease constitutes a breach hereof or confers upon the Lessor the right to re-enter or forfeit or terminate this Lease, and the Lessor has given to the Lessee notice of such default or the happening of such contingency, and if at the expiration of forty-five (45) days after the giving of such notice the default or contingency continues to exist, or in the case of a default or contingency which cannot with due diligence be cured within the period of forty-five (45) days aforesaid, if the Lessee does not commence the rectification of such default or contingency within the said forty-five (45) day notice period and thereafter promptly and diligently and continuously proceed with such rectification; or
- (e) this Lease expires or is forfeited or terminated pursuant to any other provision contained herein, including, without restricting the generality of the foregoing, the termination of this Lease pursuant to the provisions of sections 4.3 or 10.5,

then and in every such case, it will be lawful for the Lessor at any time thereafter without notice or demand, with or without process of law and by forced entry if necessary, to enter into and upon the Lands and the Building, or part thereof in the name of the whole, and, if this Lease has not already expired or been forfeited or terminated, to terminate this Lease by leaving upon the Lands notice in writing of such termination. If the Lessor terminates this Lease pursuant to this section 18.1, or otherwise as a result of default of the Lessee, or if the Lessee has forfeited this Lease, the Lessee will be liable to the Lessor for the rents and all other amounts to be paid and the covenants to be performed by the Lessee up to the date of such termination or forfeiture.

18.2 Notice to and Remedies of Mortgagee

The following provisions will apply with respect to any Mortgagee:

- (a) no re-entry, termination or forfeiture of this Lease by the Lessor will be valid against the Mortgagee who has filed with the Lessor a notice of Mortgage and specified an address for notice in accordance with Article 25, unless the Lessor has first given to the Mortgagee written notice of the default or contingency entitling the Lessor to re-enter, terminate or forfeit this Lease, specifying the nature of that default or contingency, and stating the Lessor's intention to take such proceedings and requiring the Mortgagee:
 - (i) to cure the default or contingency specified in the notice within a period of sixty (60) days from the date of receipt of that notice by the Mortgagee; or
 - (ii) if the default or contingency is other than the failure to pay Basic Rent or Additional Rent or any other sums required to be paid to the Lessor by any provision of this Lease, and if the default or contingency cannot reasonably be cured within such sixty (60) day period, then to immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or contingency,

and the Lessor hereby grants the Mortgagee access to the Lands and the Building for that purpose. If the default or contingency is cured within the

period specified, or in the circumstances referred to in 18.2(a)(ii), if cured within a reasonable period, the Mortgagee will be entitled to continue as tenant for the balance of the Term remaining at the date of the notice of default or contingency providing that the Mortgagee attorns as tenant to the Lessor and undertakes to be bound by and to perform and observe all of the Lessee's obligations, covenants and agreements under this Lease until such Mortgagee as tenant assigns its leasehold estate as permitted by this Lease and delivers to the Lessor an agreement from the assignee which is enforceable and binding on the assignee and its heirs, executors, successors, administrators and assigns as of the date of the assignment and by which the assignee agrees with the Lessor to attorn as tenant to the Lessor and to be bound by and to perform and observe all of the Lessee's obligations, covenants and agreements under this Lease. If the Mortgagee consists of more than one mortgagee, each having a separate charge upon the Lessee's interest in this Lease, and more than one of them wishes to cure the default or contingency specified in the notice aforesaid, then the Lessor hereby agrees to permit curing of the default or contingency specified as aforesaid by that Mortgagee that is willing to cure the default or contingency and attorn as tenant as aforesaid and whose charge ranks in priority over the charge or charges held by the other Mortgagee or Mortgagees willing to cure and attorn as aforesaid, except that in the event that any Mortgagee has commenced a foreclosure action, the provisions of section 18.2(b) will apply;

- (b) in the event the Mortgagee commences foreclosure proceedings against the Lessee, whether or not the Lessee is in default of the performance of its covenants and agreements with the Lessor under this Lease at the time such foreclosure proceedings are commenced, the Lessor will not re-enter, terminate or forfeit this Lease after the commencement of foreclosure proceedings on the ground of any default or contingency entitling the Lessor to re-enter, terminate or forfeit this Lease if the Mortgagee:
- (i) has given to the Lessor notice of the foreclosure proceedings;
 - (ii) is actively prosecuting the foreclosure proceedings;
 - (iii) except for the bankruptcy or insolvency of the Lessee, which will be governed by section 18.2(c), cures the default or contingency within a period of sixty (60) days from the date of receipt of notice from the Lessor specifying the nature of the default or contingency, or if the default or contingency is other than the failure to pay Basic Rent or Additional Rent or any other sums required to be paid to the Lessor by any provision of this Lease and if such default or contingency cannot reasonably be cured within such sixty (60) day period, immediately commences to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or contingency; and
 - (iv) performs and observes all of the Lessee's covenants and agreements under this Lease, except for any obligation to cure the bankruptcy or insolvency of the Lessee and except for the obligations of the Lessee which the Mortgagee is exempt from pursuant to the terms of this Lease, and without undue delay diligently prosecutes to a conclusion the foreclosure proceedings commenced by the Mortgagee;

provided, however, that if the Mortgagee is an Approved Lender, the Corporation or the Commission, the curing of the default or contingency may be delayed until the earlier of the date of the assignment of this Lease to a third party or an Approved Lender, the Corporation or the Commission acquiring the Lessee's interest in this Lease. In the event that the Mortgagee acquires the Lessee's interest in the Lands and Building pursuant to the foreclosure proceedings, the Mortgagee will thereupon become subrogated to the rights of the Lessee under this Lease, provided it attorns to the Lessor as tenant and undertakes to be bound by and perform the covenants and agreements of this Lease until such Mortgagee as Lessee assigns its leasehold estate as permitted by this Lease and delivers to the Lessor an agreement from the assignee which is enforceable and binding on the assignee and its heirs, executors, successors, administrators and assigns as of the date of the assignment and by which the assignee agrees with the Lessor to attorn as tenant to the Lessor and to be bound by and to perform the covenants and agreements of this Lease. If the Mortgagee consists of more than one mortgagee and more than one of them commences foreclosure proceedings, the right to cure any default or contingency granted by this section 18.2(b) to a foreclosing Mortgagee will be deemed granted to them in the order of priority of the charges held by the foreclosing mortgagees;

- (c) if this Lease is subject to termination or forfeiture pursuant to Article 17 by reason of the bankruptcy or insolvency of the Lessee and the Mortgagee has filed with the Lessor a notice of Mortgage in favour of the Mortgagee and specified an address for notice in accordance with Article 25, the Lessor will give to the Mortgagee notice of the bankruptcy or insolvency of the Lessee entitling the Lessor to terminate or forfeit this Lease and stating the Lessor's intention to take such proceedings and requiring the Mortgagee to cure the Lessee's default under this Lease (except for the bankruptcy or insolvency of the Lessee), and the Lessee's default will be deemed to have been sufficiently cured if the Mortgagee:
- (i) takes possession and control of the Lands and Building, or causes a receiver to be appointed under the terms of the Mortgagee's charge or by a court of competent jurisdiction, which receiver will take possession and control of the Lands and Building, and the Lessor hereby grants the Mortgagee or such receiver access to the Lands and Building for that purpose;
 - (ii) cures every default under this Lease (except for the bankruptcy or insolvency of the Lessee) within a period of sixty (60) days from the date of receipt by the Mortgagee of the notice from the Lessor of the bankruptcy or insolvency of the Lessee, or if such default or defaults are other than the failure to pay Basic Rent or Additional Rent or any other sums required to be paid to the Lessor by any provision of this Lease and if such default or defaults cannot reasonably be cured within such sixty (60) day period, immediately commences to cure the same and to diligently prosecute to conclusion all acts necessary to cure such default or defaults; provided, however, that if the Mortgagee is an Approved Lender, the Commission or the Corporation, the curing of the default or contingency may be delayed until the earlier of the date of the assignment of this Lease to a third party or an Approved Lender, the

Commission or the Corporation acquiring the Lessee's interest in this Lease; and

- (iii) subject to the right of an Approved Lender, the Commission or the Corporation to delay the curing of the default or contingency as set out in section 18.2(c)(ii), attorns as tenant to the Lessor and undertake to observe, be bound by and perform the obligations, covenants and agreements of the Lessee under this Lease until such Mortgagee, as tenant, assigns its leasehold estate as permitted under this Lease and delivers to the Lessor an agreement from the assignee which is enforceable and binding on the assignee and its heirs, executors, successors, administrators and assigns as of the date of the assignment and by which the assignee agrees with the Lessor to attorn as tenant to the Lessor and to observe, be bound by and perform the obligations, covenants and agreements of the Lessee under this Lease.

If the Mortgagee consists of more than one mortgagee, the right to take possession and control, to cure any default and to assume the Lease as aforesaid will be deemed granted to them in the order of the priority of their respective charges;

- (d) any re-entry, termination or forfeiture of this Lease made in accordance with the provisions of this Lease as against the Lessee will be valid and effectual against the Lessee even though made subject to the rights of any Mortgagee to cure any default of the Lessee and to continue as tenant under this Lease; and
- (e) no entry upon the Lands or into the Building by the Mortgagee for the purpose of curing any default of the Lessee will release or impair the continuing obligations of the Lessee.

18.3 Remedies of Lessor and the Commission are Cumulative

The remedies of the Lessor and the Commission specified in this Lease are cumulative and are in addition to any remedies that the Lessor and the Commission may have at law or equity. No remedy will be deemed to be exclusive, and the Lessor and the Commission may from time to time have recourse to one or more or all of the available remedies specified herein, or at law or equity. In addition to any other remedies provided in this Lease, the Lessor and the Commission will be entitled to restrain by injunction any violation or attempted or threatened violation by the Lessee of any of the covenants or agreements contained herein.

18.4 Waiver by Lessor and Commission

The failure of the Lessor or the Commission to insist upon the strict performance of any covenant or agreement contained in this Lease will not waive such covenant or agreement, and the waiver by the Lessor or the Commission of any breach of any covenant or agreement of the Lessee under this Lease will not constitute a waiver of such covenant or agreement in respect of any other breach. The receipt and acceptance by the Lessor of rent or other monies due hereunder with knowledge of any breach of any covenant or agreement by the Lessee will not constitute a waiver of such breach. No waiver by the Lessor or the Commission will be effective unless made in writing.

ARTICLE 19
ARBITRATION

19.1 Arbitration

If a disagreement arises pursuant to sections 4.3, 4.6, or 6.1, the same will be settled by arbitration. The arbitration will be conducted by a single arbitrator chosen by the Commission which arbitrator will be at arm's length from the Commission. The costs and expenses of the arbitration will be dealt with as follows:

- (a) each party will bear its own expense of preparing and presenting its case to the arbitrator, irrespective of whether any such expense was incurred or contracted for prior to the appointment of the arbitrator, including the expenses of appraisals, witnesses and legal representation; and
- (b) the fees of the arbitrator will be shared by the parties equally unless the arbitrator decides otherwise.

The *Arbitration Act* (British Columbia) will apply with respect to the arbitration. If an Approved Lender or the Corporation holds a Mortgage of the Lessee's leasehold interest in the Lands and Building, any notice of arbitration given under this section by one of the parties to the others will be given at the same time to such Mortgagee, if it has specified an address for notice, and such Mortgagee so notified will be given a reasonable opportunity by the parties to participate in the arbitration proceedings if it considers such proceedings may affect the Mortgage security.

ARTICLE 20
SURRENDER OF LEASE

20.1 Surrender of Lease

At the termination or expiration of the Term, whether by forfeiture, default or lapse of time, the Lessee will surrender the Lands and Building to the Lessor in the condition in which they were required to be kept by the Lessee pursuant to the provisions of this Lease, including, without restricting the generality of the foregoing, the provisions of sections 10.5(c) and 10.6(b), except as herein otherwise expressly provided.

ARTICLE 21
QUIET ENJOYMENT, OWNERSHIP OF LESSEE'S FIXTURES AND OWNERSHIP OF BUILDING

21.1 Covenant for Quiet Enjoyment

Subject always to the Lessor's and the Commission's rights herein, and subject always to the Permitted Encumbrances as extended or modified from time to time, if the Lessee pays the rent hereby reserved and all other amounts payable hereunder, and observes and performs all of the obligations, covenants and agreements of the Lessee herein contained, the Lessee may peaceably enjoy and possess the Lands and Building for the Term, without any interruption or disturbance whatsoever from the Lessor or any other person, firm or corporation lawfully claiming through, from or under the Lessor, provided however that the enforcement by the Lessor, in its capacity as a civic body, of laws, bylaws and orders that touch and concern the Lands and Building will not be a breach of the Lessor's covenant set forth in this section 21.1.

21.2 Ownership of Lessee's Fixtures

The Lessee, tenants or occupants of the Building have the right of property in, or the right to remove, fixtures or improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Building or the Lands. The Lessee will make good, or will cause such tenants to make good, any damage to the Building caused by any removal of the tenants' fixtures.

21.3 Ownership of Building

The Building will become the absolute property of the Lessor, free and clear of all liens, charges, encumbrances, equities or claims of any kind or nature whatsoever, save and except for the Permitted Encumbrances, upon the expiration or earlier termination of the Term or any permitted period of overholding, but will be deemed, as between the Lessor and the Lessee during the Term, to be the separate property of the Lessee and not of the Lessor but subject to and governed by all the provisions of this Lease, provided always that the Lessor's absolute right of property in the Building, which will arise at the expiration or earlier termination of the Term or any permitted period of overholding, will take priority over any other interest in the Building that may now or hereafter be created by the Lessee without the prior written consent of the Lessor, and provided that all dealings by the Lessee with the Building which in any way affect title thereto will be made expressly subject to this right of the Lessor and the Lessee will not assign, encumber or otherwise deal with the Building separately from any permitted dealing with the leasehold interest under this Lease, to the intent that no person will hold or enjoy any interest in this Lease acquired from the Lessee who does not at the same time hold a like interest in the Building.

ARTICLE 22
OVERHOLDING

22.1 Overholding

The Lessee covenants and agrees with the Lessor that if the Lessee will hold over and the Lessor will accept rent after the expiration of the Term, the new tenancy thereby created will be a tenancy from month to month and not a tenancy from year to year and will be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month, provided however that the monthly Basic Rent payable by the Lessee will be the then market rental value of the Lands and the Building as determined from time to time in the bona fide opinion of the Lessor's Director of Housing and Properties or his or her successor in function, and such monthly Basic Rent will be paid in advance. The Lessee will also pay monthly as Additional Rent one-twelfth of the then current sums described in section 3.1 or 3.2 hereof, as the case may be.

ARTICLE 23
ADDITIONAL RIGHTS OF THE COMMISSION

23.1 Notice to Commission

Unless otherwise agreed in writing by the Commission and unless failure of the Lessor to act in the circumstances would result in an emergency situation, the Lessor may not exercise any of its rights which arise as a result of a default by the Lessee under this

Lease until ninety (90) days (the "Notice Period") after receipt by the Commission of written notice describing the Lessee's default.

If at the expiration of the Notice Period:

- (a) the Commission has not cured such default; or
- (b) the Commission has not given the Lessor a notice in writing (the "Attornment Notice") advising the Lessor that the Commission or its nominee will attorn as tenant under this Lease; or
- (c) the Commission has not entered into a new Operator Agreement with a new Operator;

then the Lessor will be at liberty to proceed to exercise any of the powers given to it under this Lease.

Upon receipt of the Attornment Notice the Lessor will enter into the necessary agreement with the Commission or its nominee allowing it to attorn as tenant under the Lease.

23.2 Rights of Commission Not Limited

The Lessee and the Lessor agree that the rights given to the Commission pursuant to Article 23 are not to be construed in any manner whatsoever so as to limit or otherwise prejudice the rights of the Commission as against the Lessee under any Operator Agreement or any other agreement between the Commission and the Lessee or the Commission and the Lessor.

23.3 Commission May Perform Obligations of Lessee

Where the Commission chooses to perform an obligation of the Lessee under this Lease in order to avoid forfeiture, the Lessor will accept that performance as if the same had been performed by the Lessee.

ARTICLE 24 ENVIRONMENTAL MATTERS

24.1 Definitions

For the purposes of this Article 24:

- (a) "Contaminants" mean any pollutants, contaminants, deleterious substances, underground or aboveground tanks, asbestos materials, urea formaldehyde, dangerous substances or goods, hazardous, corrosive or toxic substances, special waste or waste of any kind or any other substance which is now or hereafter prohibited, controlled or subject to Environmental Laws; and
- (b) "Environmental Laws" means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits and other lawful requirements of any governmental authority having jurisdiction over the Lands or Building, now or hereafter in force and relating in any way to the environment, health, occupational health and safety, product liability or transportation of dangerous goods, and includes the principles of common law and equity.

24.2 Lessee's Covenants and Indemnity

The Lessee covenants and agrees as follows:

- (a) not to use or permit to be used all or any part of the Lands or Building for the sale, storage, manufacture, disposal, handling, treatment, use or any other dealing with Contaminants, without the prior written consent of the Lessor, which consent may be arbitrarily or unreasonably withheld;
- (b) to strictly comply, and cause all persons for whom it is at law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Lands and Building;
- (c) to promptly provide to the Lessor a copy of any environmental site investigation, assessment, audit or report relating to the Lands or Building and conducted by or for the Lessee at any time before, during or after the Term, or any renewal or extension thereof. The Lessee hereby waives the requirement for the Lessor to provide a site profile for the Lands pursuant to the *Environmental Management Act* (British Columbia), any regulations enacted pursuant thereto, or any similar or successor legislation;
- (d) to promptly provide to the Lessor on request such written authorizations as the Lessor may require from time to time to make inquiries of any governmental authorities regarding the Lessee's compliance with Environmental Laws;
- (e) to promptly notify the Lessor in writing of the existence or release of any Contaminant on, in or under the Lands or Building or of any other occurrence or condition at the Lands or any adjacent property that could contaminate the Lands or the Building or result in the non-compliance of the Lands or Building with Environmental Laws, or subject the Lessor or Lessee to any fines, penalties, orders, investigations or proceedings under Environmental Laws;
- (f) on the expiry or earlier termination of this Lease, or at any time if requested by the Lessor or required pursuant to Environmental Laws, to remove from the Lands and Building all Contaminants, and to remediate any contamination of the Lands or any adjacent or other affected property resulting from Contaminants, in either case brought onto, used at, created upon or released from the Lands by the Lessee or any person for whom the Lessee is at law responsible. The Lessee will perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Contaminants will remain the property of the Lessee, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding their degree of affixation to the Lands or Building; and
- (g) without limiting the generality of Article 14, to indemnify the Lessor, the Commission and their respective Personnel and contractors from any and all Losses (including the cost of remediation of the Lands and Building and any other affected property) arising from or in connection with:
 - (i) any breach of or non-compliance with the provisions of this Article 24 by the Lessee; or

- (ii) the release or alleged release of any Contaminants at or from the Lands related to or as a result of the use and occupation of the Lands and Building by, or any act or omission of, the Lessee or any person for whom the Lessee is responsible at law.

The obligations of the Lessee under this Article 24 will survive the expiry or earlier termination of this Lease, and the obligations of the Lessee under this Article 24 are in addition to, and will not limit, the other obligations of the Lessee under this Lease.

ARTICLE 25 NOTICES

25.1 Notices

All notices, demands and request which may or are required to be given pursuant to this Lease will be in writing and will be sufficiently given if served personally upon the party for which it is intended, or mailed prepaid and double registered:

- (a) in the case of the Lessor, addressed to:

City of Courtenay
830 Cliffe Avenue
Courtenay, B.C. V9N 2J7
Attention: John Ward, Director of Legislative and Corporate Services

- (b) in the case of the Commission or Lessee, addressed to:

British Columbia Housing Management Commission
Suite 1701 - 4555 Kingsway
Burnaby BC V5H 4V8
Attention: Manager Real Estate Services

or at such other addresses as each of the parties may from time to time advise by notice in writing. Mortgagees will supply their respective mailing addresses to the Lessor and the Lessee. The date of receipt of any such notice, demand or request will be deemed to be the date of delivery if such notice, demand or request is served personally or if mailed as aforesaid on the fifth business day next following the date of such mailing; provided, however, that if mailed, should there be between the time of mailing and the actual receipt of the notice a mail strike, slow down of postal service or other labour dispute which affects the delivery of such notice, then such notice will be deemed to be received when actually delivered.

ARTICLE 26 MISCELLANEOUS

26.1 Statements by Lessor

The Lessor and the Lessee agree that at any time and from time to time, upon not less than thirty (30) days prior request by the other party, each will execute, acknowledge and deliver to the other a statement in writing certifying:

- (a) that this Lease is unmodified and in full force and effect, or if there have been modifications, the nature of such modifications and that the same are in full force and effect as modified;
- (b) the dates to which the rent and any other amounts payable under this Lease have been paid; and
- (c) that to the best of the information and belief of the maker of the statements, the Lessor and the Lessee are not in default under any provision of this Lease, or, if in default, the particulars thereof.

26.2 Time of Essence

Time will be of the essence of this Lease, save as otherwise specified herein.

26.3 Formality of Modifications

This Lease may not be modified or amended except by an instrument in writing executed by the Lessor and the Commission or their successors or assigns, and by the Lessee or its successors or permitted assigns.

26.4 Captions and Headings

The captions and headings throughout this Lease are for convenience and reference only and the words and phrases contained therein will in no way be held or deemed to define, limit, describe explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.

26.5 Enurement

This Lease will extend to, be binding upon and enure to the benefit of the Lessor, the Commission and the Lessee, the successors and assigns of the Lessor and the Commission, and the successors and permitted assigns of the Lessee.

26.6 Covenants or Conditions

All of the provisions of this Lease will be deemed and construed to be conditions as well as covenants, as though the words specifically expressing or importing covenants or conditions were used in each separate provision hereof.

26.7 References

The words "herein", "hereby", "hereunder" and words of similar import refer to this Lease as a whole and not to any particular Article, section or subsection in this Lease.

26.8 Execution

By signing the General Instrument, the parties have agreed to be bound by their respective obligations contained in this Lease.



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 3360-20-1810

From: Chief Administrative Officer

Date: June 18, 2018

Subject: Zoning Amendment Bylaw No. 2933 to allow for a secondary suite at 4659 Western Road

PURPOSE:

The purpose of this report is for Council to consider an application to rezone the property located at 4659 Western Road from Residential One Zone (R-1) to Residential One S Zone (R-1S) to permit a secondary suite.

CAO RECOMMENDATIONS:

THAT based on the June 18 2018 Staff report, "Zoning Amendment Bylaw No. 2933 to allow for a secondary suite at 4659 Western Road" Council approve OPTION 1 and proceed to First and Second Readings of Zoning Amendment Bylaw No. 2933, 2018; and

THAT Council direct staff to schedule and advertise a statutory public hearing with respect to Zoning Amendment Bylaw No. 2933, 2018 on July 3, 2018 at 5:00 p.m. in the City Hall Council Chambers.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

The subject property is an approximately 1626m² residential lot located at 4659 Western Road in East Courtenay, legally described as Lot B, Section 17, Comox District, Plan VIP78808 (**Figure 1**). The property is currently zoned Residential One (R-1) and developed with a one-storey single family house (**Figure 3**) with 99.2m² habitable area and a 2-car garage. Adjacent properties on Western Road are also Residential One (R-1) zone though the property across from the subject property is zoned industrial (I-2) and most properties on the streets immediately north of Western Road are zoned R-2, which allows



Figure 1: Location Map

two residential units on a lot in the form of either a single detached home with secondary suite or a duplex (**Figure 2**).

The applicant wishes to add a secondary suite over the garage (**Figure 3**) to supplement the family income when he stops working to provide extensive care for his wife. A review of the site and floor plans (**Attachment No. 1**) indicates that the proposed suite is 67.35m² in size and includes two bedrooms, one bathroom, a living/kitchen area, and an entrance/foyer. The suite would have vinyl siding matching the existing garage and would preserve neighbour privacy by excluding side windows.



Figure 2: Nearby Zoning

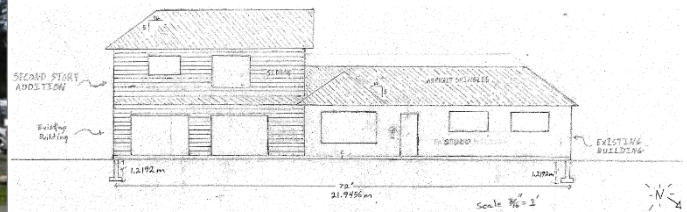


Figure 3: Existing and Proposed View from Western Road

DISCUSSION:

OCP Review

The proposed application represents infill development within an established neighbourhood designated Urban Residential in the Official Community Plan (OCP). The OCP and the Affordable Housing Policy support infill development within existing Urban Residential areas provided it is in keeping with the character and scale of the surrounding neighbourhood. Infill housing provides more rental housing stock and diversity of housing types, and promotes more efficient use of land that is already serviced.

The subject property is conveniently located within a 2km walk distance to North Island College, North Island Hospital, the Real Canadian Superstore, the Comox Valley Aquatic Centre, and schools and parks. These destinations are most easily accessible by car or transit (with 3 bus routes stopping about 450m away) but some residents may choose to cycle or walk.

Affordable Housing Policy

The City's Affordable Housing Policy sets out a number of strategies that support increasing the provision of affordable housing, including secondary suites, within the community. When zoning does not permit secondary suites, Council's practice to-date has been to consider such rezoning applications on a case-by-case basis taking into account land use planning policy, servicing capacity and neighbourhood interests.

Zoning Review

If this application is approved and a secondary suite is placed on the property, the development will comply with all applicable zoning regulations including: building height, lot coverage, building setbacks and parking requirements.

Existing off-street parking exceeds the 3-car requirement for R-1S zoning (**Attachment No. 1**). The applicant accepts that parking as pictured in **Figure 3**, with the white vehicle off the side of the driveway, is not acceptable. He further attests that half of the garage is usually used for activities other than parking so suite parking on the driveway in front of that garage bay would cause no problems. In order to bring the suite to under 40% of the total habitable floor space of the building, the applicant would construct a 1.8m² finished addition of the main residence into the garage as suggested by City Staff.

Requirements	Proposal
Total not more than 90.0 m ²	67.35 m ² (includes 2 bedrooms, 1 bathroom, kitchen/living room and entrance/foyer)
Floor Area Less than 40% of the total habitable floor space of the building	39.9%
Located within a building of residential occupancy containing only one other dwelling unit	Yes
Located within a building which is a single real estate entity	Yes
Three Parking Spaces <i>(2 spaces for the principal dwelling unit and 1 additional space for the secondary suite)</i>	3+ parking spaces: 2-car garage (normally one used as a work space), 2 in driveway

FINANCIAL IMPLICATIONS:

Application fees have been collected in order to process the rezoning application. Should the proposed Zoning Amendment Bylaw be adopted, Building Permit application fees will apply.

Properties with a secondary residence are charged a second utility fee (sewer, water, garbage) for the additional dwelling unit. Should the rezoning application be approved, the additional utility fees will be charged to the property at the time of occupancy permit. Secondary residences are exempt from paying Development Cost Charges to the City and Regional District.

ADMINISTRATIVE IMPLICATIONS:

Processing Zoning Bylaw amendments is a statutory component of the corporate work plan. Staff has spent approximately 25 hours processing this application to date. Should the proposed zoning amendment proceed to public hearing, an additional 2 hours of staff time will be required to prepare notification for public hearing and to process the bylaw. Additional staff time will be required to process the subsequent building permit application including plan checking and building inspections. Because the subject property is located within 800m of Provincial Controlled Access Highway (Ryan Road) intersections, the Ministry of Transportation and Infrastructure would have to sign the Bylaw prior to the Third Reading. The Ministry has already indicated it has no concerns.

ASSET MANAGEMENT IMPLICATIONS:

The proposed development utilizes existing infrastructure and is connected to City Water and City Sewer. Water service was installed to Sandwich Water Works District criteria, and water and sanitary service improvements will be required at building permit application stage. The applicant is responsible for all the associated costs. Western Road lacks curbs and sidewalks and has a Pavement Condition Index rating of 58 (FAIR). Future population density increases may require street improvements (as would subdivision by exisiting covenant on the subject property), but there are no direct asset management implications associated with this application.

STRATEGIC PRIORITIES REFERENCE:

Development applications fall within Council’s area of control and specifically align with the strategic priority to support meeting the fundamental corporate and statutory obligations of the City. This application also meets the goal to support densification aligned with the Regional Growth Strategy.

● **Area of Control**
The policy, works and programming matters that fall within Council's jurisdictional authority to act.

We support diversity in housing and reasoned land use planning

● Support densification aligned with community input and regional growth strategy

We focus on organizational and governance excellence

● We support meeting the fundamental corporate and statutory obligations

OFFICIAL COMMUNITY PLAN REFERENCE:

The proposed zoning amendment is consistent with the Urban Residential land use designation of the Official Community Plan. It represents infill residential development near existing amenities and services, providing a range of housing choice, while fulfilling OCP Section 4.4.3 4 a) – limited infill will be considered only in keeping with the character and scale of an existing neighbourhood.

REGIONAL GROWTH STRATEGY REFERENCE:

The development proposal is consistent with the RGS Housing Goal to “ensure a diversity of affordable housing options to meet evolving regional demographics and needs” including:

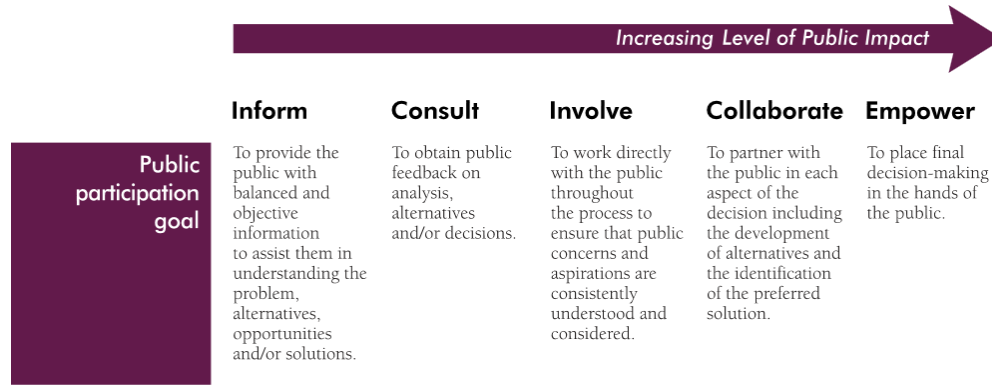
Objective 1-A: Locate housing close to existing services; and

Objective 1-C: Develop and maintain a diverse, flexible housing stock.

CITIZEN/PUBLIC ENGAGEMENT:

Staff will “Consult” the public based on the IAP2 Spectrum of Public Participation:

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf



Should Zoning Amendment Bylaw No. 2933, 2018 receive First and Second Readings, a statutory public hearing will be held to obtain public feedback in accordance with the *Local Government Act*.

Prior to this application proceeding to Council, the applicant held a public information meeting on May 12, 2018 at the subject property. According to the information provided by the applicant, 4 people attended the meeting, all signing the Sign In sheet, representing 3 property addresses all on Western Road. 10 people submitted comments to the City representing 7 property addresses, showing unanimous support. Most mentioned a wider need for more suites or affordable accommodation and one suggested the City changing zoning bylaw to make secondary suites easier to establish. All written comment sheets have been included with the meeting summary report in **Attachment No. 2**.

OPTIONS:

OPTION 1:

THAT based on the June 18 2018 Staff report, "Zoning Amendment Bylaw No. 2933 to allow for a secondary suite at 4659 Western Road" Council approve OPTION 1 and proceed to First and Second Readings of Zoning Amendment Bylaw No. 2933, 2018; and

THAT Council direct staff to schedule and advertise a statutory public hearing with respect to Zoning Amendment Bylaw No. 2933, 2018 on July 3, 2018 at 5:00 p.m. in the City Hall Council Chambers. (Recommended)

OPTION 2: Defer consideration of Bylaw No. 2933 with a request for more information.

OPTION 3: Defeat Bylaw No. 2933.

Prepared by:

Mike Grimsrud,
Planner 1

Approved by:

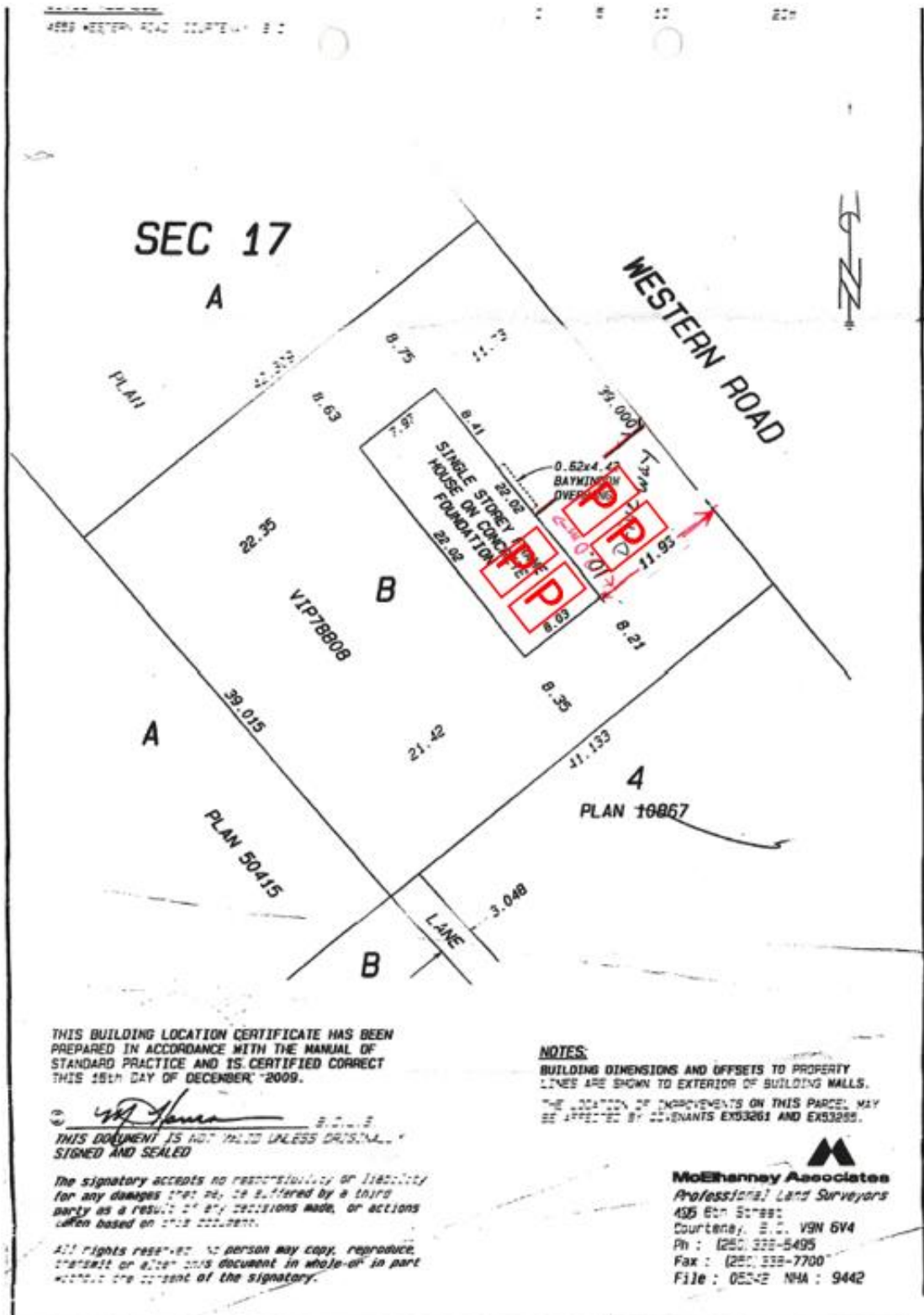
Ian Buck, MCIP, RPP
Director of Development Services

Attachments:

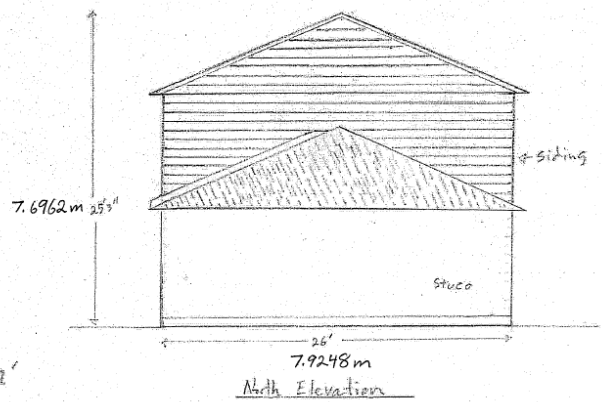
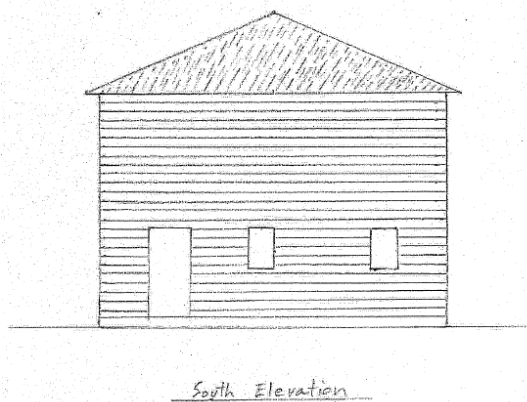
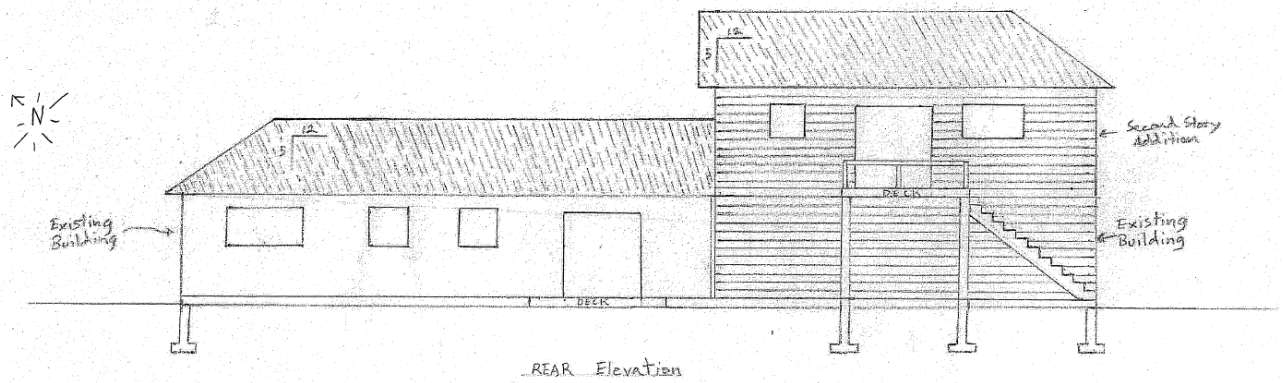
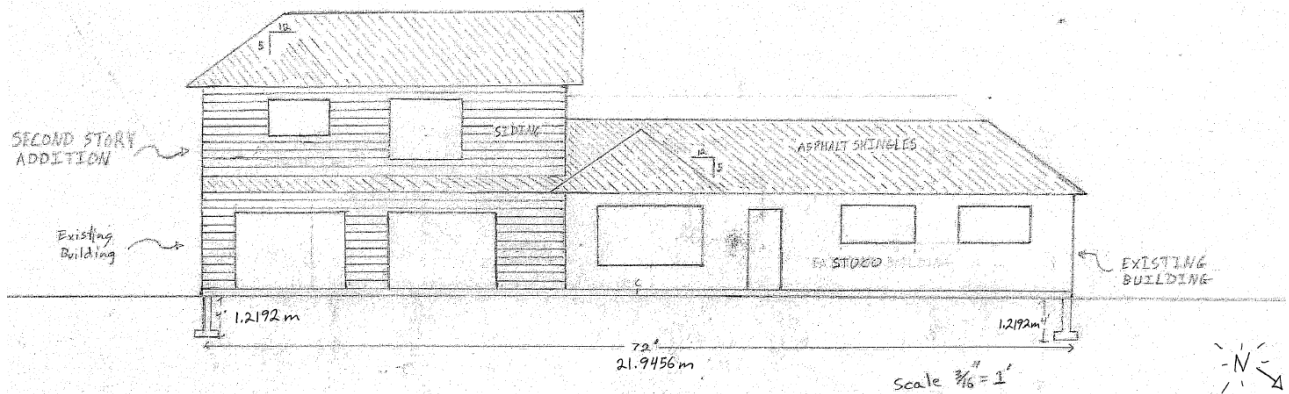
1. *Attachment No. 1: Plans and Elevations*
2. *Attachment No. 2: Public Information Meeting Summary and Public Comments*
3. *Attachment No. 3: Applicant's Written Submissions*

Attachment No. 1: Plans and Elevations

Site Plan



Elevations



Attachment No. 2: Public Information Meeting Summary and Public Comments

Summary



Tue 2018-05-29 12:11 PM

Ronald O'Reilly <oreillyronald@gmail.com>

Re: 4659 Western Rd Public Information Meeting

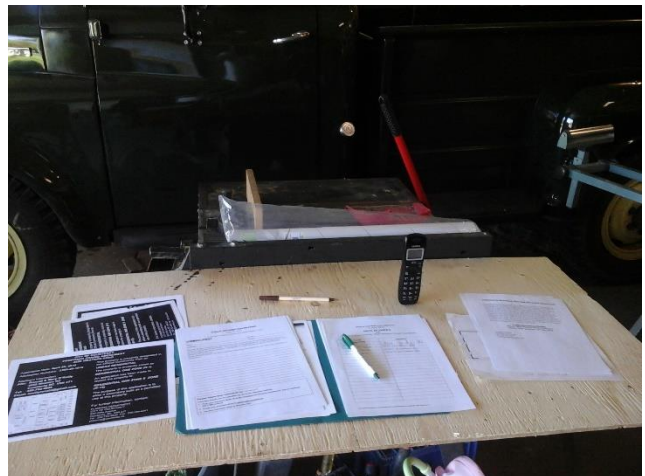
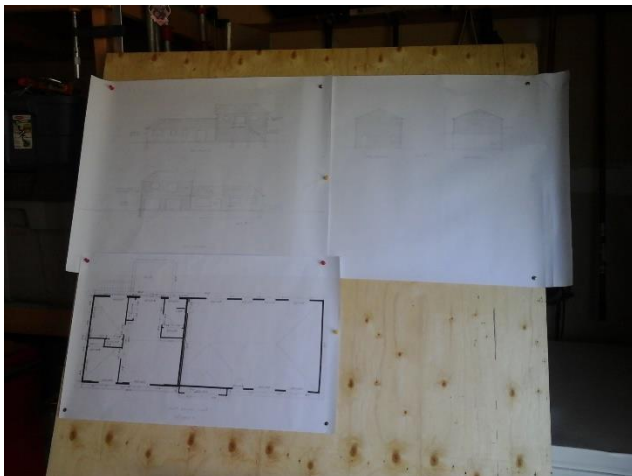
To Grimsrud, Michael

Follow up. Start by May 29, 2018. Due by May 29, 2018.

Application numbers 3360-20-1810 Ronald and Mary O'Reilly 4659 Western road.

We sent out an information package to the full mailing list over two weeks ago. Got one email response (positive) Four neighbors came to see me and gave their support. The meeting was held Saturday 12th May, I was available for three hours. Only four people showed up. I presented the blue prints of the propose addition along with elevation drawings. They all were supportive of the rezoning and building plans. Only one question was asked if there were windows on the south end of the second floor. I said no, and the owner seem happy about that. No other questions were asked. Ronald O'Reilly ph 250 703 4659

Public Information Meeting Pictures



PUBLIC INFORMATION MEETING
12 May 2018

SIGN IN SHEET

FOR

Ronald & Mary O'Reilly 4659 Western Road Courtenay

NAME (Please Print)	ADDRESS
[REDACTED]	4660 Western Rd
[REDACTED]	4655 Western Rd
[REDACTED]	4665 Western Rd.
[REDACTED]	4665 WESTERN RD
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	

PUBLIC INFORMATION MEETING

May 12, 2018

Proposed Zoning Amendment 4659 Western Road

COMMENT SHEET

Name: [Redacted] Email: [Redacted]
 Address: 2906 SuPAfield Rd. Phone: [Redacted]

(Ronald & Mary O'Reilly has applied to the City of Courtenay for an Residential One Zone s zone (R-1S)Zoning Amendment. The purpose of this application is to allow a secondary suite as a permitted use at this property. This project is under review by staff in the Planning Department of the City.

Given the information you have received regarding this project do you have any comments or questions?

Yes we support this and other legal suites in this area. Parking on the lot required as part of the agreement.

Please return your comments by: 19th May 2018

Comment sheets can be submitted by one of the following methods:

1. Drop your comment sheet off at the Development Services Department, City of Courtenay, 830 Cliffe Avenue
2. Email your comment sheet to planning@courtenay.ca
3. Fax your comment sheet to 250-334-4241



12:47 2506523984

BRIAN NYBERG

PAGE 01/01

PUBLIC INFORMATION MEETING

May 12, 2018

Proposed Zoning Amendment 4659 Western road

COMMENT SHEET

Name: [REDACTED] Email: [REDACTED]
Address: 111 Lucille Dr Brentwood Bay BC Phone: [REDACTED]

(Ronald & Mary O'Reilly has applied to the City of Courtenay for an Residential One Zone s zone (R-1S)Zoning Amendment. The purpose of this application is to allow a secondary suite as a permitted use at this property. This project is under review by staff in the Planning Department of the City.

Given the information you have received regarding this project do you have any comments or questions?

We do not have a problem with the proposed zoning amendment at 4659 Western Rd, Courtenay BC.

[REDACTED]

Please return your comments by: 19th May 2018

Comment sheets can be submitted by one of the following methods:

1. Drop your comment sheet off at the Development Services Department, City of Courtenay 830 Cliffe Avenue
2. Email your comment sheet to planning@courtenay.ca
3. Fax your comment sheet to 250-334-4241

Staff note: Brentwood Bay residents above own 4650 B Northland Place.



Mon 2018-04-30 4:32 PM

[Redacted]

Proposed zoning amendment 4659 Western Rd

To PlanningAlias

We have no objection to the proposed zoning change

[Redacted]

4628A Northland Pl

ph. [Redacted]



05/18/2018 11:43AM 12508973258

SUSSEX

PAGE 01/01

PUBLIC INFORMATION MEETING

May 12, 2018

Proposed Zoning Amendment 4659 Western road

COMMENT SHEET

Name:

Email:

Address: 4658A Northland Place

Phone:

(Ronald & Mary O'Reilly has applied to the City of Courtenay for an Residential One Zone s zone (R-1S) Zoning Amendment. The purpose of this application is to allow a secondary suite as a permitted use at this property. This project is under review by staff in the Planning Department of the City.

Given the information you have received regarding this project do you have any comments or questions?

I fully support this proposal. Being on a larger lot and with Western being a deadend street. It shouldn't impact the neighborhood.

I would like to see more type of this availability for secondary units. There is a real shortage for rentals in the valley, plus rates being over charged for rentals. Open up more opportunities for this type of development - if the neighborhood can support it.

Please return your comments by: 19th May 2018

Comment sheets can be submitted by one of the following methods:



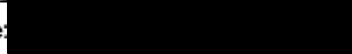
1. Drop your comment sheet off at the Development Services Department, City of Courtenay
830 Cliffe Avenue
2. Email your comment sheet to planning@courtenay.ca
3. Fax your comment sheet to 250-334-4241

PUBLIC INFORMATION MEETING

May 12, 2018

Proposed Zoning Amendment 4659 Western road

COMMENT SHEET

Name:  Email: 
Address: 4658A Northland Pl Phone: 

(Ronald & Mary O'Reilly has applied to the City of Courtenay for an Residential One Zone s zone (R-1S) Zoning Amendment. The purpose of this application is to allow a secondary suite as a permitted use at this property. This project is under review by staff in the Planning Department of the City.

Given the information you have received regarding this project do you have any comments or questions?

I fully support this proposal. I think in this situation with the larger lot, there should be no issues in the neighbour hood, with parking off street, height or privacy

I believe the City should consider changing the zoning bylaw to allow secondary suites in all SF Residential zones, if certain criteria is met. That would save people from going thru this procedure.



Please return your comments by: 19th May 2018
Comment sheets can be submitted by one of the following methods:
1. Drop your comment sheet off at the Development Services Department, City of Courtenay
830 Cliffe Avenue
2. Email your comment sheet to planning@courtenay.ca
3. Fax your comment sheet to 250-334-4241

PUBLIC INFORMATION MEETING

May 12, 2018

Proposed Zoning Amendment 4659 Western road

COMMENT SHEET

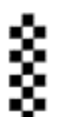
Name: [REDACTED] Email: [REDACTED]
Address: 4660 Western R.d Phone: [REDACTED]

(Ronald & Mary O'Reilly has applied to the City of Courtenay for an Residential One Zone s zone (R-1S)Zoning Amendment. The purpose of this application is to allow a secondary suite as a permitted use at this property. This project is under review by staff in the Planning Department of the City.

Given the information you have received regarding this project do you have any comments or questions?

I see no problems
We need affordable Accomidations

Please return your comments by: 19th May 2018
Comment sheets can be submitted by one of the following methods:
1. Drop your comment sheet off at the Development Services Department, City of Courtenay
830 Cliffe Avenue
2. Email your comment sheet to planning@courtenay.ca
3. Fax your comment sheet to 250-334-4241



Attachment No. 3: Applicant's Written Submissions

Application for Rezoning to allow legal suite at 4659 Western road

I am looking at putting a second story addition above the existing garage for the purpose of a two bedroom legal suite. This suite will help in a small way, the shortage of rentals accommodations in the city Courtenay. The main reason for doing this is that my wife has terminal cancer and at some point I will have to stop working so I can help her with assisted living. So this will help us supplement our income. There already exist duplexes on our street (multi residence). I have approach many of my neighbours about this project and they have been very supportive. The height and size of this addition will match or be smaller then any two story building on the street. Since I will be using existing foundation, the structure footprint will remain the same. My home is on a larger lot just under ½ acre so there is lots of space between my home and the property line. I hope to have your consent on this rezoning application.

Ronald O'Reilly
4659 Western road



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 3360-20-1811

From: Chief Administrative Officer

Date: June 18, 2018

Subject: Zoning Amendment Bylaw No. 2935 (Storefront Cannabis Retailers)

PURPOSE:

The purpose of this report is for Council to consider zoning amendments to define and restrict storefront cannabis retailers within Courtenay in addition to adopting a Council Policy on the criteria to be considered with future applications to rezone for storefront cannabis retailers.

CAO RECOMMENDATIONS:

That based on the June 18, 2018 staff report "Zoning Amendment Bylaw No. 2935 (Storefront Cannabis Retailers)" Council approve OPTION 1 and proceed to First and Second Readings of Zoning Amendment Bylaw No. 2935, 2018; and

That Council direct staff to schedule and advertise a statutory public hearing with respect to Zoning Amendment Bylaw No. 2935, 2018 on July 3, 2018 at 5:00 p.m. in the City Hall Council Chambers; and

That Council adopt the Storefront Cannabis Retailers Policy as outlined in Attachment No. 2 to this report.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

The Government of Canada has previously announced its intention to legalize recreational cannabis. The *Cannabis Act* (Bill C-45) passed third reading in the Senate with approximately 40 amendments on June 7th. The bill must now go back to the House of Commons for the government to decide to approve, reject or modify the changes before returning to the Senate for another vote. It is anticipated the bill will become law this summer.

In general terms, the *Cannabis Act* will allow Canadians to lawfully cultivate, purchase, possess and consume limited quantities of Cannabis.

Subject to the Federal *Cannabis Act* some authority will be granted to the Provincial Government. To this end, two Provincial Acts have worked their way through the Legislative Assembly. These are the *Cannabis*

Control and Licensing Act (Bill 30) and the *Cannabis Distribution Act* (Bill 31). These bills were introduced to the Legislative Assembly on April 26, 2018 and received Royal Assent on May 31st.

Through these bills, the Province intends to restrict the purchase and possession of recreational cannabis to individuals over the age of 19; control the wholesale distribution of cannabis through the Liquor Distribution Branch; permit public and private retail sales; and permit cannabis consumption in the same places where tobacco consumption is permitted with the exception of areas frequented by children including beaches, parks and playgrounds.

At the Local Government level the legislation provides Local Government the authority to regulate certain criteria such as zoning, business licencing (hours of operation, security requirements), public consumption (nuisance bylaws, smoking bylaws) and procedures for public consultation on licence applications.

DISCUSSION:

There are many different approaches being taken at the local government level regarding implementation of the retail sales of recreational cannabis. These include, for example, the complete restriction on sales (not common), or permissive zoning/policy subject to limitations on proximity to a range of uses such as other cannabis stores, schools, daycares and public places. Staff have reviewed some of the existing and proposed approaches to regulation which are summarized in the table attached as Attachment No.1. Many communities are still in the development stage of their regulations and on a frequent basis new regulations are coming forward. Therefore some more recent approaches such as Langford's and Esquimalt's are not included in the table.

The legal framework at both the Federal and Provincial levels has yet to be adopted and many communities have been holding off consideration of bylaw amendments. The prevailing legal advice for municipalities is at a minimum to define the use and restrict it as an interim measure. This is seen as stage 1 of a two stage process to develop regulation. The general intent is to prevent any retailers from establishing themselves prior to adoption of a clear legislative framework (this approach has been taken by Comox and the Comox Valley Regional District is in the process of adopting a similar zoning amendment).

Although the federal legislation has yet to be adopted staff believe the proposed bill with the approved provincial legislation can be used to guide the creation of local regulations. To this end, staff recommend that the City define the use and restrict it, as recommended by local government law firms, thereby requiring an interested retailer to apply for a zoning amendment. In addition to this zoning restriction, a companion policy is recommended that outlines rezoning considerations such as minimum distance to schools and the maximum number of stores permitted in the City. As a guiding document this policy would not fetter Council's decision making authority in relation to each application which would be considered on its own merits. The policy would however provide a guide to applicants and staff in this process.

This regulatory framework is being contemplated by many local governments and is currently in place in the City of Victoria. It is supported from a legal perspective and has recently been discussed in a City of Victoria court case where the Chief Justice of BC accepted that such a policy would not entitle an applicant to rezoning even if they met the general criteria.

The proposed approach aligns with the Provincial legislation. While the Provincial Government has the authority to issue licences for the retail sale of cannabis, the City will retain control over land use management criteria such as zoning and determining where and how many cannabis retail stores will be

permitted in Courtenay. Furthermore, pursuant to the proposed *Cannabis Control and Licensing Act* (s.33) the province will not issue a licence for the retail sale of cannabis unless the local government is supportive of the proposal. Similar to the existing liquor licensing process, the City will be required to gather the views of residents prior to forwarding comments to the province. As such the public hearing process required for a rezoning application can also be used to gather the views of residents for the provincial license.

The proposed policy is attached and includes the following considerations for rezoning applications:

1. Storefront cannabis retailers will only be considered in an established retail location where the current zoning permits retail sales.
2. A storefront cannabis retailer should be:
 - a. at least 300 m (in a straight line from closest lot line to closest lot line) from a public or independent preschool, elementary, middle or secondary school including the Comox Valley Child Development Association.
 - b. at least 400 m (in a straight line from closest lot line to closest lot line) from another lot where a storefront cannabis retailer is permitted, whether or not a storefront cannabis retailer is active on that lot.
3. Cannabis sales are not permitted at special events, public markets or farmers markets.
4. This Policy does not limit Council from considering variances to the separation distances noted in (2) based on circumstances related to a specific application.
5. The off-street parking requirements applicable to retail stores as outlined in Division 7 of Zoning Bylaw 2500, 2007 and amendments thereto will apply to storefront cannabis retailers.
6. Only one storefront cannabis retailer will be allowed per lot.
7. The maximum number of storefront cannabis retailers in the City is five (5).

The distances proposed above are derived from those used in a variety of other jurisdictions which generally range between 150m and 500m from schools and between 50m and 1000m from other retailers. Staff believe the distances proposed in the policy are reasonable and note that since they are set by policy rather than bylaw, Council will maintain discretion on individual applications to determine if the location meets the general public interest.

In addition to defining and restricting storefront cannabis retailers the proposed zoning amendment modifies the definition of retail store to clarify it is distinct from cannabis sales. Bylaw 2935 also replaces references in the zoning bylaw to the Medical Purposes Regulation (MMPR) with the more current Access to Cannabis for Medical Purposes Regulations (ACMPR).

While staff recommend OPTION 1 to move forward with First and Second Readings of Bylaw 2935 and adopt the attached Council Policy, staff suggest that at a minimum Bylaw 2935 move forward at this time to restrict retail cannabis sales.

FINANCIAL IMPLICATIONS:

The Application fee for rezoning will be \$3,000 and the fee for consideration of the provincial licence will be \$500. These are the same fees charged for a liquor store.

Staff will bring forward amendments to the business licence bylaw to add the category of Storefront Cannabis Retailer and set the annual licence fee at \$1,000.

ADMINISTRATIVE IMPLICATIONS:

The Planning Division is currently responsible for processing liquor licence applications and will be responsible for processing any storefront cannabis retailer licences. As a new, and yet to be fully implemented provincial licensing regime, it is difficult to estimate the time required to process each application. However, current liquor licence applications take on average 10 hours to process.

Applications to rezone to permit the retail sale of cannabis are anticipated to take approximately 40 hours.

At this time bylaw enforcement implications are anticipated to be minimal with respect to the retail sale of cannabis from a land use perspective. Should Council consider other regulations such as limiting smoking in public, the implications on bylaw enforcement could be significant.

ASSET MANAGEMENT IMPLICATIONS:

There are no asset management implications with the proposed zoning or policy.

STRATEGIC PRIORITIES REFERENCE:

We actively pursue vibrant economic growth

- Continue to improve our relationship with business in our community

OFFICIAL COMMUNITY PLAN REFERENCE:

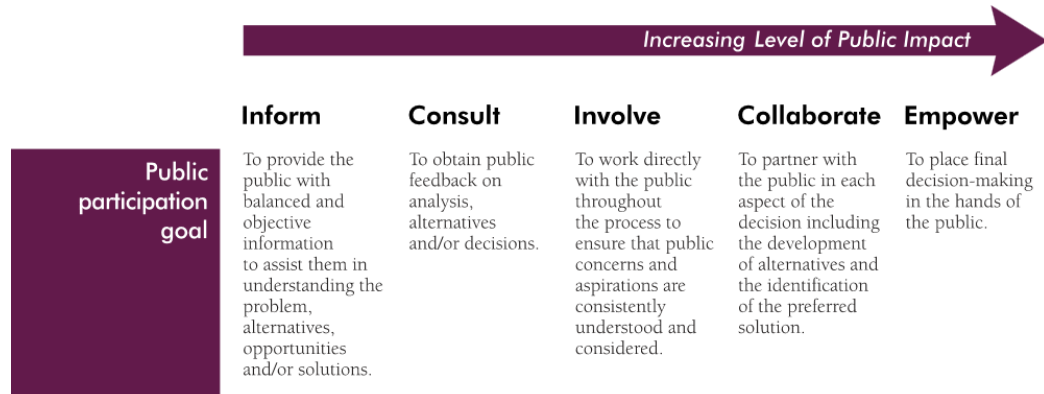
There are no direct references in the Official Community Plan to this use, however the OCP generally supports the utilization of existing serviced and designated commercial lands prior to considering new commercial development areas. The proposed policy requires storefront cannabis retailers to locate in an established retail location where the current zoning permits retail sales.

REGIONAL GROWTH STRATEGY REFERENCE:

The proposed zoning amendment aligns with the Regional Growth Strategy policy to locate retail and other commercial employment activities within Core Settlement Areas.

CITIZEN/PUBLIC ENGAGEMENT:

Similar to other rezoning applications staff will **consult** the public through neighbourhood information meetings and public hearings as requests come forward.



Staff have consulted with the Downtown Courtenay Business Improvement Association (DCBIA) to gauge their desire for cannabis retailers in the Downtown area. Following a survey from their members the following statement came from their board. "**Downtown Courtenay will allow for dispensaries Downtown Courtenay but must be a limited number of 3**". It is noteworthy that like most land use issues, the opinion was not unanimous among the membership. The discretion in the proposed policy framework is designed to take into consideration concerns of immediate neighbours in the decision making process.

OPTIONS:

OPTION 1 (recommended)

That Zoning Amendment Bylaw No. 2935, 2018 (Storefront Cannabis Retailers) proceed to First and Second Readings; and

That Council direct staff to schedule and advertise a statutory public hearing with respect to Zoning Amendment Bylaw No. 2935, 2018 on July 3, 2018 at 5:00 p.m. in the City Hall Council Chambers; and

That Council adopt the Storefront Cannabis Retailers Policy as outlined in Attachment No. 2.

OPTION 2

That Zoning Amendment Bylaw No. 2935, 2018 (Storefront Cannabis Retailers) proceed to First and Second Readings; and

That Council direct staff to schedule and advertise a statutory public hearing with respect to Zoning Amendment Bylaw No. 2935, 2018 on July 3, 2018 at 5:00 p.m. in the City Hall Council Chambers; and

That Council direct staff to make specific amendments to the Storefront Cannabis Retailers Policy outlined in Attachment No. 2.

OPTION 3

That Zoning Amendment Bylaw No. 2935, 2018 (Storefront Cannabis Retailers) proceed to First and Second Readings; and

That Council direct staff to schedule and advertise a statutory public hearing with respect to Zoning Amendment Bylaw No. 2935, 2018 on July 3, 2018 at 5:00 p.m. in the City Hall Council Chambers; and

That Council direct staff to conduct an Open House on the proposed Storefront Cannabis Retailers Policy outlined in Attachment No.2 prior to bringing it back to Council for consideration.

Prepared by:



Ian Buck, MCIP, RPP
Director of Development Services

Attachments: Attachment No.1 – Comparison Table
Attachment No.2 – Proposed Policy

Attachment No. 1 Comparison Table

Regulation	Vancouver (Medical)	Port Alberni (Medical)	Cumberland (Medical, Temporary Use Permit 1-yr)	Victoria	Nelson (Under Consideration)	Port Hardy (Under Consideration)	Calgary (Proposed)	Edmonton (Under Consideration)	Washington State (Default)
Rezoning required				✓	unknown	✓			unknown-various
Distance from other cannabis sales	300m	1,000m (many times defended in Council)	50m (from permitted lot, active or no)	400m (from permitted lot, active or no)	300m		300m (some zone exceptions)	200m	300m (1,000ft)
Distance from schools	300m	300m	150m (public or independent, elementary, middle or secondary)	200m (public or independent, elementary, middle or secondary)	150m-500m	150m	150m	200m (public or private)	300m (1,000ft)
Distance from community centres	300m				150m-500m				
Distance from neighbourhood houses	300m								
Distance from youth facilities that serve vulnerable youth	300m								
Distance from recreation centres								100m (City recreation centres)	300m (1,000ft)
Distance from parks					150m-500m				300m (1,000ft)
Distance from playgrounds						100m			300m (1,000ft)
Distance from daycares						150m (licensed day care)		explicitly none after consultation	300m (1,000ft)
Distance from libraries						100m		200m	300m (1,000ft)
Distance from provincial healthcare facilities								100m	
Distance from municipal and school reserve parcels							100m		
Distance from emergency shelters							150m		
Distance from public transit centre									300m (1,000ft)
Distance from game arcade (where minors allowed)									300m (1,000ft)
Distance Flexibility				Can consider variances			Development Authority can reduce, but by 10% max for schools		All but schools and public playgrounds can be reduced to 30m (100ft) by local gov'ts
Regulation	Vancouver (Medical)	Port Alberni (Medical)	Cumberland (Medical, Temporary Use Permit 1-yr)	Victoria	Nelson (Under Consideration)	Port Hardy (Under Consideration)	unexamined - different regulatory contexts		
Hours of operation (Provincially 9am-11pm, local gov't may further restrict)	8am-10pm	8am-8pm		7am-9pm	possibly close as early as 8pm				
Capped number of stores					possibly as few as 4, 9+, or no cap; surveyed by City region				
Air filtration system				✓					
Minimum of two employees on site	✓			✓					
Video surveillance cameras	✓	✓		✓					
Security and fire alarm system	✓	✓		✓					
Secure storage of valuables	✓			✓					
Good neighbour agreement	✓								
License fee	\$30,000 (\$1,000 for compassion club)	\$550	\$1,000-\$2500+ costs	\$5,000					
DP/rezoning fee	\$5,100 max DP			\$7,500					

Attachment No. 2 – Proposed Policy

City of Courtenay	Policy	Page 1 of 2
Section 13 - Planning and Development	Policy #	
Subject: Storefront Cannabis Retailers	Revision #	1

The purpose of this policy is to outline the criteria that may be considered by City Council as part of a rezoning application or temporary use permit application to allow for retail cannabis sales at a particular location. This policy is intended to guide applicants and City staff as part of the application process but it is not intended to fetter Council's discretion when dealing with individual applications, each of which will be evaluated on its own merits.

This policy was established in response to the anticipated legalization, or partial legalization, of cannabis by the federal government and the potential unregulated proliferation of storefront cannabis retailers. It is intended to address potentially adverse community impacts of storefront cannabis retailers, including inappropriate exposure of minors to cannabis and the undesirable concentration of storefront cannabis retailers.

B. DEFINITIONS

Applicant means an applicant for a rezoning that would allow for a storefront cannabis retailer at a particular location.

Storefront Cannabis Retailer means the use of land, water, buildings or structures for the retail sale of cannabis subject to a valid and sustaining provincial license issued pursuant to the Cannabis Control and Licensing Act.

C. POLICY STATEMENTS

Rezoning Considerations

1. Storefront cannabis retailers will only be considered in an established retail location where the current zoning permits retail sales.
2. A storefront cannabis retailer should be:
 - a. at least 300 m (in a straight line from closest lot line to closest lot line) from a public or independent preschool, elementary, middle or secondary school including the Comox Valley Child Development Association.

AUTHORIZATION:	DATE:
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City of Courtenay	Policy	Page 2 of 2
Section 13 - Planning and Development	Policy #	
Subject: Storefront Cannabis Retailers	Revision #	1

- b. at least 400 m (in a straight line from closest lot line to closest lot line) from another lot where a storefront cannabis retailer is permitted, whether or not a storefront cannabis retailer is active on that lot.
- 3. Cannabis sales are not permitted at special events, public markets or farmers markets.
- 4. This Policy does not limit Council from considering variances to the separation distances noted in (2) based on circumstances related to a specific application.
- 5. The off-street parking requirements applicable to retail stores as outlined in Division 7 of Zoning Bylaw 2500, 2007 and amendments thereto will apply to storefront cannabis retailers.
- 6. Only one storefront cannabis retailer will be allowed per lot.
- 7. The maximum number of storefront cannabis retailers in the City is five (5).

Application Process

The applicant must undertake all of the standard processes required for a rezoning application pursuant to Development Application Procedures Bylaw No. 2790, 2014 and amendments thereto.

AUTHORIZATION:	DATE:
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THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 1660-20

From: Chief Administrative Officer

Date: June 18, 2018

Subject: 2019/2020 RCMP Municipal Policing Contract: Approval in Principle

PURPOSE:

The purpose of this report is to consider and provide “approval in principle” of the RCMP’s Municipal Contract Policing Multi-Year Financial Plan for the 2019/2020 contract year.

POLICY ANALYSIS:

In April 2012, the City of Courtenay renewed its Provincial Municipal Police Unit Agreement for the employment of the Royal Canadian Mounted Police in the provision of policing services within the City. This Agreement has a twenty year term and will provide policing in the City until March 31, 2032. In order to secure the 10% Federal share of the Contract, Council’s “approval in principle” of the contract expenditure cap is required each year.

EXECUTIVE SUMMARY:

For the RCMP 2019/2020 Contract Year, Council has been requested to consider providing “approval in principle” of an RCMP Municipal Policing Expenditure in the amount of \$6,315,290 for a complement of 31.4 members.

During the upcoming 2019 budget deliberations, Council will have the opportunity to revisit this “approval in principle” and provide “final” approval by the end of April 2019 for the 2019/20 policing contract year.

CAO RECOMMENDATIONS:

That based on the June 18, 2018 staff report “2019/2020 RCMP Municipal Policing Contract: Approval in Principle”, Council approve OPTION 1 which provides approval in principle for an expenditure of \$6,315,290 of which Courtenay is responsible for 90% (\$5,683,761).

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

The Comox Valley RCMP detachment is a combined Provincial/Municipal detachment which provides police protection services for the entire Comox valley. Of the 63 members currently staffed in the detachment, 21 are funded by the Province, 30.4 are funded by Courtenay, and 11.6 are funded by Comox.

DISCUSSION:

Under the terms of the Municipal Policing Agreement, the letter of “approval in principle” for the 2019/20 Municipal Policing Expenditure Cap is due by June 8, 2018. The June 4th Council meeting was changed to June 11, 2018 due to the FCM conference, which is why the City will not meet the deadline. Staff requested an extension of the aforementioned date to allow Council the opportunity to discuss this matter and to meet with the local RCMP Inspector before submitting the requested correspondence.

The following cost drivers impacting the 2019/20 RCMP contract are:

- Division administration costs associated to Green Timbers and Integrated Teams at \$900 per member;
- Severance liquidation costs estimated at \$1,023 per Full-Time Equivalent (FTE) is included;
- Estimated pay increases of 2.5% for RCMP members plus the cost for one additional FTE member for the Contract Strength, increasing it from 30.4 to 31.4;
- Estimated pay increases for Public Service Employees (PSE) is set at 1.25%;
- Increased Training and recruiting costs;
- Higher fuel costs; and,
- Indirect costs such as Member Pension, CPP, EI and Division Administration.

Table 1 identifies the estimated 2019/2020 budget impact for the City including Accommodation, furniture and PSE staff costs.

TABLE 1 – City of Courtenay, RCMP Contract Expenditure Cap: 2019/20 Projections

	Approved 2018/19 Budget	Estimated 2019/20 Budget
Contract Strength	30.4	31.4
Funded Strength	27.42	31.4
Expenditure Cap (100%)	\$5,430,334	\$6,315,290
Courtenay Share (90%) of Contract costs	\$4,887,300	\$5,683,761
Municipal Costs – 100% (Accommodation, furniture, PSE staff)	\$938,000	\$985,135
Total Municipal Policing Costs	\$5,825,300	\$6,668,896

Council did not approve an increase to the contract strength in 2018/2019. For 2019/2020 the RCMP’s Multi-Year Financial Plan is requesting a budgetary increase of one additional member.

FINANCIAL IMPLICATIONS:

The City utilizes Gaming Fund revenues (\$395,000), Provincial Traffic Fine/Police Contingency Reserve (\$300,000) monies, Prior Year’s surplus dollars (\$150,000) and general property tax dollars to pay for RCMP policing costs. To more accurately reflect anticipated actual costs, the City also budgets for a projected “position vacancy pattern”. These vacancies occur when FTE positions are vacant due to members on leave for a variety of reasons. Over the past three years, the budgeted vacancy pattern has been 2 - 3 members. If the City increases its budgetary allotment to match the request for the contract strength to be 31.4 staff, the City’s budget will increase by approximately \$800,000. This is equivalent to a 3.75% property tax increase (1% increase = \$211,900 property tax revenue) unless other funding sources are utilized to contribute to the increase.

These budgetary estimates are preliminary and necessary for the federal government’s annual budgeting processes. Council can make the final decision on the contract and any budgetary adjustments for policing during the 2019 budget deliberations set to occur in the latter part of 2018 and early 2019.

ADMINISTRATIVE IMPLICATIONS:

On Council’s decision, Staff will provide the RCMP with the “approval in principle” confirmation letter for the 2019/2020 Municipal Policing Contract year.

ASSET MANAGEMENT IMPLICATIONS:

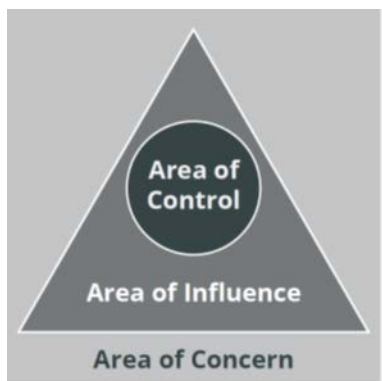
There are no asset management implications.

STRATEGIC PRIORITIES REFERENCE:

As noted below, the focus is on meeting statutory obligations at a cost acceptable to the general public.

We focus on organizational and governance excellence

- We support meeting the fundamental corporate and statutory obligations
- We responsibly provide services at a level which the people we serve are willing to pay



- **Area of Control**
The policy, works and programming matters that fall within Council’s jurisdictional authority to act.
- ▲ **Area of Influence**
Matters that fall within shared or agreed jurisdiction between Council and another government or party.
- **Area of Concern**
Matters of interest outside Council’s jurisdictional authority to act.

OFFICIAL COMMUNITY PLAN REFERENCE:

4.11.4 Police Protection

Policing services are provided by the RCMP with the detachment located on Ryan Road.

- 3. The City supports all residents and businesses within the area served by the local RCMP detachment pay on an equal basis.

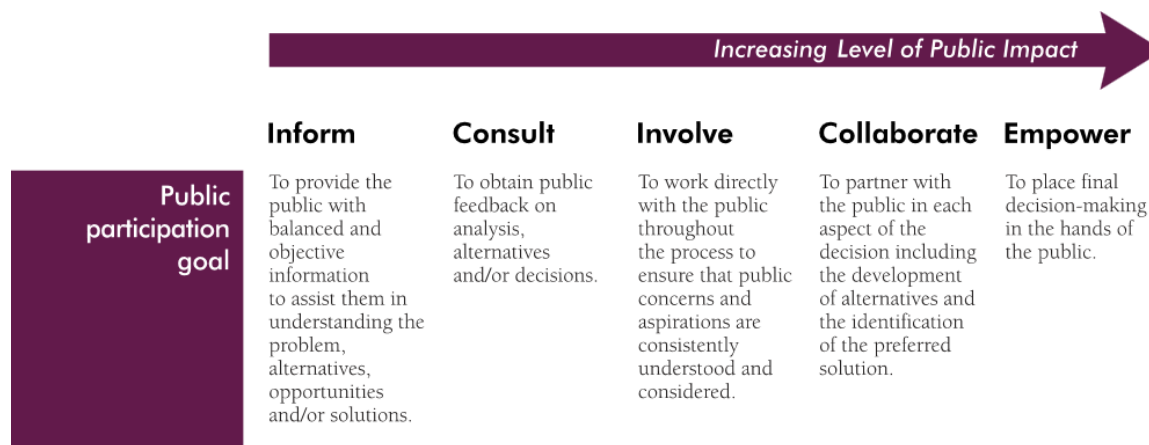
REGIONAL GROWTH STRATEGY REFERENCE:

There is no applicable reference in the Regional Growth Strategy.

CITIZEN/PUBLIC ENGAGEMENT:

The public will be **informed** of the outcome of Council’s consideration of approval in principle for the 2019/2020 RCMP Contract expenditure budget based on level one of the IAP2 Spectrum of Public Participation. In addition, during the 2019-2023 Financial Plan budget process, the public will be consulted and will be able to provide feedback for Council’s consideration.

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf



OPTIONS:

OPTION 1: That Council provide “approval in principle” for an expenditure cap of \$6,315,290 for the 2019/20 Municipal Policing Contract of which Courtenay is responsible for 90% (\$5,683,761). [Recommended]

OPTION 2: That Council defers “Approval in Principle” of the 2019/20 Municipal Policing Contract for further discussion.

While Option 2 is presented as an alternative, Council must be aware that, under the terms of the Municipal Policing Agreement, Approval in Principle must be provided to the RCMP as soon as possible.

Prepared by:



Brian Parschauer, BA, CPA CMA
Director of Finance

Attachments: 2019/20 RCMP Municipal Contract Policing Multi-Year Financial Plan



Royal
Canadian
Mounted
Police

Gendarmerie
royale
du
Canada

Security Classification/Designation
Classification/désignation sécuritaire

Unclassified

May 15, 2018

David Allen
Chief Administrative Officer
Corp. of the City of Courtenay
830 Cliffe Ave.
Courtenay, BC V9N 2J7



Your File Votre

Our File Notre
E753-28-1

Dear Mr. Allen:

Re: Municipal Contract Policing Multi-Year Financial Plan – (2019/20)

In keeping with the *Municipal Police Service Agreement* of 2012, we are communicating with our Municipal Partners to establish projections of our human and financial resource needs in **2019/20**.

We are asking that you meet with your Detachment Commander to discuss the police service needs of the community and the related human and financial resource requirements.

For this 5-year plan cycle, we have included the cost matrix prepared for local governments per updates from the Contract Management Committee (see Appendix A). It should be noted that this document will be updated annually as changes become known, and is current as of May 14, 2018.

Attached for your information are:

- Our Multi-Year Financial Plan (MYFP) for your RCMP Municipal Policing costs. This is a detailed listing of actual costs for fiscal year 2016/17, pre-final costs for 2017/18, current year budget for 2018/19, and budget estimates for 2019 – 2024 inclusive (see Schedules 1, 2 and 3 for 2019/20)
- Five-year budget for Division Administration Costs (Schedule 4)
- Sample Response Letter (Schedule 5)
- Sample Request Letter to Decrease/Increase Authorized Strength (Schedule 6)

A number of items remain under discussion between the Provincial and Federal Governments, including:

Division Administration costs associated to Green Timbers: While this item is currently still under discussion, the provisional amount of \$900 per member has been included in the Division Administration estimate.

Severance Liquidation: As of April 1, 2012, severance no longer accumulates for members who resign or retire, but will continue to accrue for lay-off, death, and disability. For budgeting purposes, an estimated amount of \$1,023 per full time equivalent (FTE) has been included. The payment amount and schedule for severance liquidation is currently being discussed between the Provincial and Federal Governments.

Member Pay: The RCMP's most recent salary agreement expired on December 31, 2016. An estimated pay increase of 2.5% per year has been included in the MYFP for RCMP members. An estimated pay increase of 1.25% per year has been included for federal public service employees. These increases are reflected from 2017 onwards. The included pay raise estimates are not based on final negotiations and do not necessarily represent amounts requested or proposed. Although a provision for retroactive pay has not been included in the estimates, we encourage you to carry forward any budget savings to future periods in preparation of when a new package will be finalised and retroactive pay is realized.

Integrated Teams: If applicable, this MYFP includes your municipality's share of costs for the Real Time Intelligence Centre (RTIC), and the Lower Mainland District Integrated Teams. These costs represent proposed budgets based on current information.

Letters: We recognize that your calendar year Budget Cycles differs from the Government of Canada's fiscal year, however, we are requesting that you provide information earlier than the Municipal Budget Cycle normally requires. This is to ensure that the Federal Treasury Board can secure their share of the Municipal Contract costs within the federal budget cycle timelines.

Please submit a "Letter of Approval in Principle" by **June 8, 2018**. The letter should address all increases for fiscal year 2019/20, including:

- Proposed establishment increase in regular and/or civilian members;
- Estimated Municipal Policing Budget at 100% costs;
- If applicable, estimates for Integrated Teams, RTIC and Accommodation at 100% costs; and
- If applicable, approval in principle and basis of payments for any equipment costing \$150,000 or more per item.

We would like to emphasize that this "Letter of Approval in Principle" ("AIP") is for planning purposes only to address the Federal Government's Annual Reference Level Update (ARLU) process. It is important to include any anticipated increases in establishment at the AIP stage, as this impacts both recruitment and financial planning at the federal government level. However, the AIP is not a final commitment on your part for the additional personnel or for the increased financial budget indicated. A copy of a sample response is provided for your reference (Schedule 5).

To enact changes in authorized police strength (police establishment), you must amend Annex "A" of your Municipal Police Unit Agreement. This is achieved through a letter from the municipality to the provincial minister (sample provided as Schedule 6).

First Reply Letter:

Approval in Principle Letter for 2019/20

Due: June 8, 2018

A) Please address the letter to:

Ms. Maricar Bains

Acting Director of Finance, RCMP Pacific Region

Mailstop #908, 14200 Green Timbers Way

Surrey, BC Canada V3T 6P3

B) Please forward a copy to Police Services addressed to:

Mr. Clayton Pecknold

Assistant Deputy Minister and Director of Police Services

Ministry of Justice

P.O. Box 9285 Stn Prov Govt.

Victoria, BC V8W 9J7

Second Reply Letter:

Final Confirmation Letter for 2019/20

Due: April 29, 2019

By **April 29, 2019**, please forward a second letter to confirm the 2019/20 budget to:

A) Director of Finance, RCMP Pacific Region

B) Assistant Deputy Minister and Director of Police Services

Third Reply Letter: Annex A Letter

Due on: Authorized Strength Change

When you decide to change human resources (authorized strength changes) to your detachment strength, please be advised that a third letter is required that outlines your request. (Sample provided as Schedule 6).

A) Please address the letter to:

The Honourable Mike Farnworth

Solicitor General & Minister of Public Safety

P.O. Box 9010 Stn Prov Gov't.

Victoria, BC V8W 9L5

B) Please forward a copy of the letter to:

A) Director of Finance, RCMP Pacific Region

B) C/Supt. Sean Sullivan, District Commander, Island District

If you have any questions regarding your municipal budget or your contractual obligations, please contact Paul Richardson, Financial Manager Municipal Policing at 778-290-2490.

Yours truly,



Max Xiao, MBA, CPA, CMA
Acting Executive Director
Corporate Management & Comptrollership Branch
Royal Canadian Mounted Police, Pacific Region
Mailstop # 906, 14200 Green Timbers Way
Surrey, BC Canada V3T 6P3

Cc: Mayor Larry Jangula, Corp. of the City of Courtenay
C/Supt. Sean Sullivan, District Commander, Island District
OIC Comox Valley Detachment
Maricar Bains, Acting Director of Finance, RCMP Pacific Region

Canada 

RCMP E Division
Finance Section, Mailstop #908
14200 Green Timbers Way
Surrey, BC Canada V3T 6P3

**List of Potential RCMP Policing Costs/Savings to RCMP "E" Division Municipalities
As at May 14, 2018**

Item	Estimated Incremental Cost/Savings per FTE OR per Item @100%	Notes/Status	Included in 5-year Plan?
Severance Liquidation	\$0	Status: Ongoing negotiations between Province and Canada. Federal initiative - eff. March 31/12, termination of RCMP Members' entitlement to accumulate Severance Pay for voluntary resignations and retirements; Members were offered payout options for accumulated entitlement up to March 30/12. The latest figure in MYP and for billing is \$1,023/FTE (slightly less than historical per year cost), under the assumption that total cost can be amortized over 20 years. In other words, Severance savings are not significant in the 1st 20 yrs but will yield approx. \$1K savings per Member after Severance payout is concluded from Year 21 onward.	Yes. In 5-year Plan since FY 2012/13
Green Timbers - Div. Admin.	\$600/FTE for existing FTEs in FY 2013/14; \$900/new FTE after FY 2013/14	Status: Ongoing negotiations between Province and Canada - Div. Admin. impact to all RCMP municipalities. Based on the latest RCMP estimate, incremental cost is \$900/FTE less \$300/FTE for existing FTEs in FY 2013/14, and \$900/new FTE after the move.	Yes. In 5-year Plan since FY 2013/14
Green Timbers - LMD Integrated Teams' Occupancy (only applicable to LMD Integrated Teams' participating agencies)	\$9,400/FTE for existing FTEs in FY 2013/14; \$15,000/new FTE after FY 2013/14	Status: Ongoing negotiation between Province and Canada - impact on LMD Integrated Teams for occupying space in Green Timbers. Based on the latest RCMP estimate, incremental cost is \$15,000/FTE less \$5,600/FTE prior to move = \$9,400/FTE for existing FTEs in FY 2013/14, and \$15K/new FTE after the move.	Yes. In 5-year Plan since FY 2013/14
Cadet Training/Recruiting	\$3,108/FTE	Status: Ongoing monitoring of costs by CMC's National Programs Standing Committee. 2019/20 projected rates of \$5,092/FTE for Cadet Training and \$1,516/FTE for recruiting are included in the Municipal 5-Year Plan. Estimated incremental cost = \$6,608/FTE (\$5,092 + \$1,516) less \$3,500/FTE (rate under the 1992 MPSA & used for the 1st 3 yrs of 2012 MPSA) = \$3,108/FTE.	Yes. Next 5-year plan will have updated rates.
Police Dogs Service Training (only applicable to Municipalities with police dogs)	\$28,320/team Member FTE	Status: Ongoing monitoring of costs by CMC's National Programs Standing Committee. Projected rate of \$28,320 per team Member FTE for 2019/20 is included in the Municipal 5-Year Plan.	Yes. Next 5-year plan will have updated rates.
*RCMP Members' Pay Increase		Status: Ongoing. Pay package expired Dec. 31/16; MYP placeholder of 2.5%/year pay raise for periods after expiry. RCMP "E" Division will provide cost impact estimate as soon as a new pay package becomes available. Please note that a provision for retroactive pay has not been included in the estimates.	Yes. Estimate of 2.5% per year included.
*RCMP PSEs' Pay Increase (impact mainly through Div. Admin.)		Status: Ongoing. In mid Apr. 2018 Public Service Alliance of Canada (PSAC) served notice to Federal TB to begin collective bargaining negotiations. Majority of RCMP Public Service Employees (PSEs) are PSAC members; last collective agreement expiring June 2018. Impact to majority of RCMP municipalities on Div. Admin., with additional impact to municipalities that have PSEs. MYP placeholder of 1.25% per year pay raise for periods after expiry. RCMP "E" Division will provide cost impact estimate as soon as the new rates are settled.	Yes. Estimate of 1.25% per year included.
*Shared Services Canada		Status: Ongoing monitoring of costs and service delivery. Shared Services has committed to create a dedicated support team in Spring 2018 for the RCMP to address backlogs and improve service delivery. CMC will request for a workplan that SSC to be held accountable to.	Yes. \$721 per FTE.
Other Consolidated Services - internal within RCMP (already in place)		Status: Ongoing monitoring of expenses vs Div. Admin. offset, by CMC's FCC (Finance & Cost Containment) Standing Committee. Impact of all of the following 4 programs should be very minimal as contract partners have been paying for these services through Div. Admin. and, in the long run, should generate savings due to efficiencies. 1) Accounting Ops and 2) Members' Compensation Service were centralized in 2012/13 in RCMP NHC; contract partners were charged within Div. Admin. actual costs of the units when data became available commencing FY 2014/15. Relocation Services for Members has been moved in-house and is no longer included in the National Accounting Services rate; it is non-billable to municipalities. 3) NCO Promotions was centralized in Surrey in 2012/13. 4) Efficiencies realized in Disability Mgmt. Program (DMP) should offset any incremental costs within the current Div. Admin. rate. Should DMP be successful as planned, additional savings on OT will likely be achieved, as Members are expected to return to work sooner.	Yes. Next 5-year plan will have updated rates.
*Other Consolidated Services - external (already in place)		Status: Ongoing monitoring of expenses vs Div. Admin. offset, by CMC's FCC Standing Committee. 1) PSEs' Compensation Service centralized in Miramichi, NB in Sept/13; have been charged within Div. Admin. based on 2011/12 Actuals until 2014/15. Ongoing monitoring req'd to ensure the potential replacement of the payroll system (Phoenix) does not have financial impact on contract partners. 2) Eff. April 1/13 RCMP's in-house program, Employee Assistance Services, was discontinued; all RCMP Members & PSEs are now supported by Health Canada. 3) Eff. Jan. 1/17, temp. MOU in place with Canada School of Public Service to provide access to TB mandatory training for the next 15 months, based on common curriculum that's grouped into Foundational, Specialized, Management and Executive Development. Cost will be \$230/member. Long term solution will be developed. Financial impact should be minimal.	Yes. Next 5-year plan will have updated rates.

Item	Estimated Incremental Cost/Savings per FTE OR per Item @100%	Notes/Status	Included in 5-year Plan?
*MacNeil Report (Moncton)		Status: Ongoing. Comprehensive and critical assessment of the tragic events in Moncton NB (June 4, 2014) was released in January 2015. The report has 64 recommendations broken down into 5 key areas (Supervision, Training, Technology/Equipment, Communications and Aftercare) and majority have been implemented. Re: ESDC (Employment and Social Development Canada)'s Canada Labour Code charges - RCMP did not appeal, and paid the fines, as set out in the Judge's ruling. Employees' Health & Safety continues to be RCMP's top priority.	No.
*Emergency Response Team (ERT) & Training		Status: Ongoing. Mandatory min. 40-hr/month training implemented. Ongoing consultation and development of an interim strategy relates most heavily to the creation of an internal RCMP governance model for ERT CBRN events. RCMP SMEs are being leveraged to develop not only governance but also an overall concept of operations for ERT to intercede at a CBRN incident. Impact on contract partners is being determined. As more permanent solutions are drafted, CMC will be engaged to evaluate funding/financial impacts associated with the CBRN portfolio.	No.
Regular Members and Special Constables' Supplemental Health Benefits		Status: Consultation stage. RCMP proposed 3 changes to RM/Special Cst. supplemental health benefits: 1) Access to 12 hrs in each category of uninterrupted treatment (currently members have access to 12 hrs of counselling but after the 1st 6 hrs, will need practitioner's progress report to receive the 2nd 6 hrs of treatment); 2) Increase yearly max. from the current \$112 for support socks and \$160 for support stockings to \$720 for 6 pairs is proposed and retroactive eff. Jan. 1/17. Current cost of \$78K will potentially be increased by \$350K nationally, and, 3) Increase to supplemental dental coverage from \$2K to \$4K per calendar yr. Incl. in this is the increase of paying up to 130% of the provincial fee guide for dental charges and 160% for specialists.	No.
*Auxiliary Program		Status: Ongoing. The shooting of an unarmed, uniformed Canadian Forces member in Ottawa (Oct/14) led to policy changes in: supervision of uniformed Auxiliaries; uniform options for non-supervised crime prevention activities; firearms familiarization training. In Dec./16 RCMP Senior Executive Committee (SEC) renamed the program from RCMP Auxiliary Cst. Program to RCMP Auxiliary Program and implemented a tiered model. Mar. 2018 update: draft amended policy is currently being reviewed by RCMP NHQ. RCMP Learning & Development (L&D) has completed all key training deliverables and training materials are now available for Auxiliaries and their supervisors. Process is being reviewed to lateral current Auxiliaries into the new program, ensuring Auxiliaries have the applicable knowledge, skills and abilities to conduct duties at the appropriate tier level. Work is continued on procurement/distribution of new uniform & equipment, min. fitness requirements for Tiers 2 & 3 activities etc.	No.
*Reserve Program		Status: Ongoing. National Reserve Program Team (NRPT) with 3.5FTEs has been established and will be permanently staffed, to address regulatory changes, policy updates and ongoing national mgmt of the program. NRPT continues to work in collaboration with Divisional Coordinators to ensure policies are updated and vital standard operating procedures are developed.	No.
Investigator Development Program (IDP)		Status: Ongoing in pursuit of national implementation & to build onto Depot's Cadet Training Program. A blended learning program comprised of 9 online learning modules & 3 days classroom components for a total of 42 hrs of training, in areas such as crime scene mgmt; search & seizure with or without a warrant; victims, witness & suspect advanced interview techniques; court testimony; human sources etc. Target General Duty members with up to 5 yrs of service. PRTC continues to accommodate requests to train new divisional trainers.	Yes, a factor for the increase in CEG 190
*Sexual Assault Review Team (SART)		Status: Ongoing. RCMP NHQ initiated a review files of sexual assault investigations to assess whether they were previously accurately classified as "unfounded" or "unsubstantiated", following an ATP request for statistical data on unfounded sexual assaults investigated by RCMP from 2000 to 2015. Divisions completed a review of 2016 unfounded files. In Apr. 2017 a review team was created to complete an exhaustive review of all aspects of a sexual assault investigation. The team has doubled in resources from 4 to 8 FTEs plus 13 retired members have been contracted to work part-time. Ongoing consultations with 30 government and 44 non-gov't organizations across all 11 contract Divisions resulted in 4 themes in the review report's recommendations: Police Training & Awareness; Victim Support; Investigative Accountability and, Police Education & Communications. Alternative options for victims to report sexual assault are being explored and adoption of external investigations review committee is being examined.	No.
*RCMP Labour Relations		Status: Ongoing. Canada will provide update at the upcoming CMC meeting (May 2018). MPAO (Mounted Police Association of Ontario) v. Attorney General of Canada - Supreme Court ruled on Jan. 16/15 the exclusion of RCMP Members from PSLRA (Public Service Labour Relations Act) deemed unconstitutional. Fed. Gov't was given one year (Public Safety Canada/RCMP was granted an extension to May/16) to implement changes to allow Members the right to collective bargaining. Bill C-7, an Act to amend PSLRA, was introduced and on May 30/16 the bill was adopted by the House and passed by the Senate with multiple amendments. May 12/17 the Government moved a motion to respond to the Senate's amendments, accepting some of the Senate's amendments while proposing others that take into account the operational integrity of the RCMP as a police organization. Cost impact is unknown at this time.	No.
*eMCM Renewal - Major Case Mgmt. Software Update		Status: Ongoing. This system replaces the current E&R (Evidence and Reporting) System and interfaces with other RCMP Records Mgmt Systems; standardizes operations by implementing a centralized solution to better support police operations in managing major cases; facilitates responding to escalating demands for info. sharing with policing and law enforcement partners. This new system may require additional staff for data input. March/18 updates: Request for Proposal (RFP) final draft expected to be completed March 5/18. Posting of RFP pending managerial review and secured funding.	No.

Item	Estimated Incremental Cost/Savings per FTE OR per Item @100%	Notes/Status	Included in 5-year Plan?
In car Video System (ICVS)	\$4,300*/unit	Status: Continued research for long-term storage plan. Possible added costs associated with mgmt. and retention of info.; \$4,300 is estimated cost of ICVS per police vehicle, exclusive of "back office solution" cost for data storage. 168 storage servers have been purchased and a limited pilot feasibility trial is proposed for 3 sites in "F" Division. RCMP NHQ is seeking temp. exemption in classification level for the video from Protected B to Protected A, at which time, the 3 pilot servers and remaining 165 servers will subsequently be installed.	No.
Fume Hoods	\$11K to \$22K/unit	Status: Consultation/development of procurement strategy. The use of negative pressure fume hoods is required to avoid any airborne particulate, to safely process exhibits of highly toxic substances. Guidance is being developed for Divisions to determine locations that require fume hoods. Potential acquisitions by individual Divisions will be made out of existing budgets unless other arrangements are made.	No.
Personal Protective Equipment (PPE)		Status: Consultation/implementation. Min. wear requirement for all front line members for handling of small amount (< 1g) of highly toxic drugs: NIOSH-approved half face piece respirator (~\$10) with filters (\$10), safety goggles (\$13) & nitrile gloves (\$17/100 pairs); for amount > 1g: tight-fitting full face-piece air-purifying respirator (\$110) with filtration (\$10), disposable coveralls (\$17) and nitrile gloves (\$17/100 pairs). Also recommended for all vehicles: a UN rated container (\$20).	No
*Breaching Equipment	~ \$160/unit	Status: Procurement/implementation. It is designed to be part of the equipment in a marked police vehicle for dealing with IARD (Immediate Action Rapid Development) type incidents. RCMP NHQ is compiling/analyzing feedback resulting from environmental scan of other agencies' use of this equipment. Research of 9 different types of breaching tools have been conducted/evaluated, ranging from \$160 to \$2K per tool. The preferred tool costs \$160. Moving forward to procurement in the near future; RCMP NHQ is currently working with Learning & Development to create online training materials for basic mechanical breaching techniques, inclusive of videos.	No.
*Extended Range Impact Weapon (ERIW) (40mm; less lethal)	\$3,528/weapon incl. ancillaries	Status: Ongoing procurement and training. These weapons are provided to Members with a less lethal option that can be deployed at a greater distance. The low velocity rounds are accurate and effective up to 35 metres. An increase in distance provides Members with additional time to react to the situation. Mar/18 update: Contracts for all categories of munitions (1-4) have been awarded; Categories 3 & 4 are restricted for use by ERT members. Instructor training for the pilot is now complete. Contract & Aboriginal Policing covered the costs of 3 members per Division for initial train-the-trainer sessions which resulted in a total 85 instructors & 157 users being trained. Divisions are now responsible to train additional users. 40mm ERIW have been shipped to Divisions & anticipated delivery of ammunitions in current FY. The 1-year General Duty pilot is expected to officially start once the munitions arrive, May/June 2018.	No
*ERT Equipment: Body Armour System (BAS); Night Vision Goggles (NVG); Laser Designator (PEQ-15); 300 Blackout (Carbines)	Per Unit Cost: BAS \$7,402; NVG \$12,056; PEQ-15 \$1,842; conversion of existing ERT Carbine \$1,500	Status: Ongoing procurement for ERT Members & some support teams. In keeping with the findings & recommendations of the MacNeil Report, ongoing acquisition and distribution of new ERT equipment across Canada for ERT members and amongst approved dedicated supporters of the ERT program at Division discretion.	
Savings:			
Employer's Contribution to Members' Pension (10th Pension Panel Report)	Total Estimated Savings: (\$9.5M) per year @cost share	Status: Implementation of 3.63% rate reduction eff. Apr. 1/18. CMC has endorsed the Pension Panel's recommendation to reduce the employer's contribution to Members' pension from the current 22.7% of pensionable salaries to 19.07% eff. Apr. 1/18 for 3 Fiscal Years.	Yes. Ongoing savings reflected.

COURTENAY 2018-19 to 2019-20 Fiscal Estimates	18/19 Budget	19/20 Estimates	\$ Change	% Change	Notes
Contract Strength	30.40	31.40		3.3%	
Funded Strength	27.42	31.40		14.5%	
COST ELEMENT GROUP (CEG)					
01 - PERSONNEL					
REGULAR PAY	2,540,600	3,035,320	494,720	19.5%	One additional member plus estimated pay increase of 2.5%
OVERTIME - MEMBERS	322,900	340,200	17,300	5.4%	
PAYROLL ALLOWANCES *	190,900	194,000	3,100	1.6%	
OTHER PAYROLL ITEMS	135,400	138,800	3,400	2.5%	
01 - PERSONNEL: TOTAL	3,189,800	3,708,320	518,520	16.3%	
02 - TRANSPORT & TELECOM	74,300	75,700	1,400	1.9%	
03 - INFORMATION	800	800	0	-	
04 - PROFESSIONAL & SPEC SVCS	145,300	155,710	10,410	7.2%	Estimate based on full cost of all mandatory training including OST, AFQ, IARD, Carbine, PRIME and Core (i.e.: investigational) and inflation.
05 - RENTALS	25,300	15,480	-9,820	(38.8%)	
06 - PURCHASE, REPAIR AND MAINT	53,000	54,270	1,270	2.4%	
07 - UTIL, MATERIAL AND SUPP	160,950	164,201	3,251	2.0%	
09 - MACHINERY & EQUIPMENT	187,530	190,848	3,318	1.8%	
12 - OTHER SUBSIDIES & PMTS	5,000	5,000	0	-	
TOTAL DIRECT COST	3,841,980	4,370,329	528,349	13.8%	
COST OF RM PENSIONS	512,087	606,792	94,705	18.5%	
COST OF DIVISIONAL ADMINISTRATION	721,146	905,890	184,744	25.6%	Increase in Div Admin related to Health Services and Special Leave
COST OF OTHER INDIRECT COSTS	355,121	432,279	77,158	21.7%	Primarily due to increase in training and recruiting rates
TOTAL INDIRECT COST	1,588,354	1,944,961	356,607	22.5%	
TOTAL COSTS (Direct + Indirect)	5,430,334	6,315,290	884,956	16.3%	
FEDERAL COST 10 %	543,033	631,529	88,496	16.3%	
MUNICIPAL POLICING COSTS 90%	4,887,300	5,683,761	796,461	16.3%	
ESTIMATED COST PER RM (90%)	178,239	181,011	2,773	1.6%	

PSE & ACCOMMODATION ESTIMATES @ 100%	
PUBLIC SERVICE EMPLOYEES	719,867
ACCOMMODATION	265,268
TOTAL PSE & ACCOMMODATION	985,135

based on 9 FTEs

* Allowances and Benefits include: Service Pay, Senior Constable, Occupational Clothing, and Shift Differential

** 2017/18 budgets do not include an amount for Retroactive Pay.

COURTENAY 2019/20 to 2023/24 Fiscal Estimates	COURTENAY 16/17 Final	COURTENAY 17/18 Pre-Final	COURTENAY 18/19 Budget	COURTENAY 19/20 Estimates	COURTENAY 20/21 Estimates	COURTENAY 21/22 Estimates	COURTENAY 22/23 Estimates	COURTENAY 23/24 Estimates
CONTRACT STRENGTH	30.4	30.4	30.4	31.4	32.4	33.4	34.4	34.4
ACTUAL / FUNDED STRENGTH	25.02	23.35	27.4	31.4	32.4	33.4	34.4	34.4
COST ELEMENT GROUP (CEG)								

STD OBJ. 01 - PERSONNEL

CEG 30 - PAY - MEMBERS:								
CE 500110 - REGULAR PAY	2,108,625	2,073,629	2,540,600	3,035,320	3,206,014	3,383,345	3,567,539	3,656,728
CE 500112 - RETROACTIVE PAY		19,109						
CE 500113 - ACTING PAY	12,542	13,071	15,400	15,800	16,200	16,600	17,000	17,400
CE 500114 - SERVICE PAY	64,379	73,955	82,700	83,100	83,500	83,900	84,300	84,700
CE 500117 - SHIFT DIFFERENTIAL	31,024	23,423	35,900	36,800	37,700	38,600	39,600	40,600
CE 500119 - PERFORMANCE AWARD								
CE 500164 - SENIOR CST ALLOWANCE	53,665	55,501	62,000	63,500	65,100	66,700	68,400	70,100
CE 501194 - REGULAR TIME RESERVISTS	103,204	113,602	120,000	123,000	126,100	129,300	132,500	135,800
CE 501198 - BILINGUAL BONUS - Current	334	797						
CE 502103 - OPERATIONAL CLOTHING ALLOWANCE	6,098	6,892	10,300	10,600	10,900	11,200	11,500	11,800
MISC. CE's incl. under CEG 30	7,315	11,283						
CEG 30 - PAY - MEMBERS - TOTAL	2,386,851	2,517,319	2,866,900	3,368,120	3,545,514	3,729,645	3,920,839	4,017,128
CE 500111 - OVERTIME		249,767						
CE 501110 - OPERATIONAL AVAILABILITY - MEMBERS		43,927						
CE 501128 - RETROACTIVE OVERTIME		13,383						
CE 501168 - IMMEDIATE OPERATIONAL READINESS - MEMBERS		-1,877						
CEG 31 - OVERTIME - MEMBERS	262,608	305,200	322,900	340,200	358,100	376,500	395,500	403,400
CEG 32 - PAY - MEMBERS (POLICY CENTRE) Credit Item		88,437						
CEG 33 - RCMP PAY - OTHER								
CEG 40 - ALLOWANCES - INTRA MEMBERS (Credit Item)		36,601						
CEG 41 - ALLOWANCES - INTER MEMBERS (Credit Item)								
CEG 45 - PERSONNEL - OPERATIONAL CONTINGENCY								
TOTAL STD OBJ. 01 - PERSONNEL	2,649,459	2,888,870	3,189,800	3,708,320	3,903,614	4,106,145	4,316,339	4,420,528

STD OBJ. 02 - TRANSPORTATION & TELECOM

CEG 50 - TRAVEL	11,163	21,545	30,300	30,900	31,500	32,100	32,700	33,400
CEG 51 - TRAVEL ADVANCES								
CEG 52 - TRAINING TRAVEL (DCCEG)	22,198	25,068	22,900	23,700	24,500	25,400	26,300	27,200
CEG 53 - TRAINING TRAVEL (POST)	4,374	8,575	12,200	12,200	12,600	13,000	13,500	14,000
CEG 54 - IPA & FSD TRAVEL								
CEG 55 - CENTRALIZED TRAINING TRAVEL								
CEG's 60-66 - TRANSFER COSTS (Credit Item)		232,465						
CEG 70 - FREIGHT, POSTAGE, ETC.	5,050	8,721	8,900	8,900	9,200	9,500	9,800	10,100
CEG 100 - TELEPHONE SERVICES (DCCEG)								
CEG 101 - TELEPHONE SERVICES (POST)								
CEG 140 - COMPUTER COMM SERVICES								
TOTAL STD OBJ. 02 - TRANSPORT & TELECOM	42,784	63,909	74,300	75,700	77,800	80,000	82,300	84,700

STD OBJ. 03 - INFORMATION

CEG 120 - ADVERTISING	7		600	600	600	600	600	600
CEG 130 - PUBLICATIONS SERVICES	1,465	86	200	200	200	200	200	200
TOTAL STANDARD OBJ. 03 - INFORMATION	1,471	86	800	800	800	800	800	800

STD OBJ. 04 - PROFESSIONAL & SPEC. SVCS

CEG 160 - LEGAL SERVICES (Credit Item)		-126						
CEG 170 - CONTRACTED SERVICES (DCCEG)		39,941						
CEG 171 - CONTRACTED SERVICES (Post)	0	391						
CEG 190 - TRAINING & SEMINARS (DCCEG)	49,983	42,664	56,900	65,100	71,600	78,800	81,600	84,500
CEG 191 - TRAINING & SEMINARS (POST)	2,393	81	3,200	3,300	3,400	3,500	3,600	3,700
CEG 192 - OFFICIAL LANGUAGE TRAINING								
CEG 219 - PROFESSIONAL SERVICES	34,461	26,122	35,700	37,600	39,600	41,600	43,700	44,600
CEG 220 - OTHER SERVICES	3,348	2,938	6,900	7,000	7,100	7,200	7,300	7,400
CEG 221 - OTHER SERVICES IM/IT	2,591	36,051	37,000	37,730	38,770	39,870	40,970	42,200
CEG 223 - RADIO COMMUNICATION SYSTEMS	35,391	3,086	5,600	4,980	5,300	5,300	5,320	5,320
CEG 228 - CADC SPENDING OF PROCEEDS								
CEG 229 - CADC ALLOCATED	-1,873	-3,401						
TOTAL STANDARD OBJ. 04 - PROFESSIONAL & SPEC SVCS	126,293	147,873	145,300	155,710	165,770	176,270	182,490	187,720

STD OBJ. 05 - RENTALS

CEG 240 - RENTAL-LAND,BLDG & WORKS (DCCEG)	0	53,826						
CEG 241 - RENTAL-LAND,BLDG & WORKS (POST)	4,129	553						
CEG 250 - RENTAL COMNS EQUIP (DCCEG)								
CEG 251 - RENTAL COMNS. EQUIP (POST)								
CEG 258 - RENTAL MOTORIZED VEHICLES	1,776	1,688						
CEG 265 - LEASED VEHICLES								
CEG 280 - RENTAL COMPUTER EQUIP	8,809	5,702	15,500	5,380	5,550	5,720	5,800	5,900
CEG 290 - RENTAL - OTHERS	6,754	3,114	9,800	10,100	10,400	10,600	10,800	11,000
TOTAL STANDARD OBJ. 05 - RENTALS	21,469	64,883	25,300	15,480	15,950	16,320	16,600	16,900

STD OBJ. 06 - PURCHASE, REPAIR AND MAINT

CEG 310 - REPAIR OF BUILDINGS & WORKS	0	11,679						
CEG 311 - REPAIR OF BUILDINGS & WORKS								
CEG 370 - REPAIR OF VEHICLES	41,225	34,338	47,300	48,200	49,200	50,200	51,200	52,200
CEG 380 - REPAIR OF OFFICE & LAB EQUIP		109						
CEG 390 - REPAIR OF MISC. EQUIP	2,584	1,743	5,200	5,300	5,400	5,500	5,600	5,700
CEG 392 - REPAIR OF AFIS EQUIP								
CEG 393 - REPAIR OF EDP EQUIPMENT	607	595	500	770	770	770	770	770
TOTAL STANDARD OBJ. 06 - PURCHASE, REPAIR AND MAINT	44,416	48,464	53,000	54,270	55,370	56,470	57,570	58,670

STD OBJ. 07 - UTIL, MATERIAL AND SUPPLIES

CEG 400 - UTILITIES	(0)	3,135						
CEG 430 - FUEL	42,935	60,882	63,000	64,300	65,600	66,900	68,200	69,600
CEG 470 - PHOTOGRAPHIC GOODS	4,113	5,189	2,550	2,601	2,653	2,706	2,760	2,815
CEG 500 - STATIONERY	14,913	12,707	25,000	25,500	26,000	26,500	27,000	27,500
CEG 510 - CLOTHING & KIT	15,904	13,055	20,400	20,800	21,200	21,600	22,000	22,400
CEG 530 - LAB SUPPLIES								
CEG 540 - POST BUDGET EXPENDITURES	41,330	32,044	50,000	51,000	52,000	53,000	54,100	55,200
CEG 550 - HOUSE FURNISHINGS								
TOTAL STD OBJ. 07 - UTIL, MATERIAL AND SUPP	119,195	127,012	160,950	164,201	167,453	170,706	174,060	177,515

COURTENAY 2019/20 to 2023/24 Fiscal Estimates	COURTENAY 16/17 Final	COURTENAY 17/18 Pre-Final	COURTENAY 18/19 Budget	COURTENAY 19/20 Estimates	COURTENAY 20/21 Estimates	COURTENAY 21/22 Estimates	COURTENAY 22/23 Estimates	COURTENAY 23/24 Estimates
CONTRACT STRENGTH	30.4	30.4	30.4	31.4	32.4	33.4	34.4	34.4
ACTUAL / FUNDED STRENGTH	25.02	23.35	27.4	31.4	32.4	33.4	34.4	34.4
COST ELEMENT GROUP (CEG)								

STD OBJ. 09 - MACHINERY & EQUIP ACQ<\$10,000

CEG 440 - TRANSPORT SUPPLIES	4,984	20,837	5,700	5,800	5,900	6,000	6,100	6,200
CEG 441 - VEHICLE CHANGEOVERS	26,823	5,287	25,500	24,000	24,000	24,000	24,000	24,000
CEG 450 - COMNS PARTS & CONSUMABLES	2,635	2,448	1,700	1,870	1,890	1,910	1,910	1,910
CEG 480 - FIREARMS & AMMUNITION	17,159	10,074	20,000	20,400	20,800	21,200	21,600	22,000
CEG 770 - COMMS. SYSTEMS (CAPITAL)	15,721	17,500	17,000	16,488	16,498	16,498	16,498	16,498
CEG 771 - COMMS. EQUIPMENT			430	400	400	400	400	400
CEG 820 - PHOTOGRAPHIC EQUIP								
CEG 821 - AFIS EQUIP								
CEG 822 - IDENT EQUIP.								
CEG 830 - FURNITURE & FIXTURES		8,694						
CEG 840 - COMPUTER EQUIPMENT (CAPITAL)								
CEG 841 - COMPUTER EQUIP.	26,090	20,759	19,000	20,790	21,420	22,070	22,740	23,422
CEG 842 - COMPUTER S/WARE - INFORMATICS								
CEG 845 - SPECIALIZED EQUIPMENT								
CEG 850 - AUDIO VISUAL AIDS	5,188							
CEG 860 - INVESTIGATIONAL EQUIP.		14,490	5,300	5,500	5,700	5,900	6,100	6,300
CEG 890 - VEHICLES (CAPITAL)	58,656		68,000	70,000	70,000	70,000	70,000	70,000
CEG 891 - MISC. VEHICLES								
CEG 900 - OTHER EQUIP.	455	8,544	4,600	4,700	4,800	4,900	5,000	5,200
CEG 910 - OFFICE MACHINES	14,396	5,963	10,300	10,600	10,900	11,200	11,500	11,800
CEG 920 - SECURITY EQUIP.	10,825		10,000	10,300	10,600	10,900	11,200	11,500
TOTAL STD OBJ. 09 - MACHINERY & EQUIPMENT	183,170	115,133	187,530	190,848	192,908	194,978	197,048	199,230

STD OBJ. 12 - OTHER SUBSIDIES & PAYMENTS

CEG 570 - PRISONER EXPENSES		-508						
CEG 580 - SECRET EXPENSES	5,200	4,700	5,000	5,000	5,000	5,000	5,001	5,001
CEG 581 - SPECIAL "I" EXPENDITURES								
CEG 590 - MISC EXPEND		43						
CEG 591 - DISCOUNT FOR EARLY PAYMENT								
CEG 592 - PAYMENT IN LIEU OF TAXES		13,788						
CEG 620 - CLAIMS and COMP. SETTLEMENTS (Credit Item)								
CEG 650 - WRITE-OFF								
TOTAL STD OBJ. 12 - OTHER SUBSIDIES & PMTS	5,200	18,022	5,000	5,000	5,000	5,000	5,001	5,001

LESS - YEAR TO DATE CREDITS

SO 01 - CEG 32 - Medical Leave / Suspension > 30 days		88,437						
SO 01 - CEG 40 & 41 - Transfer Allowances		36,601						
SO 02 - CEG's 60-66 Transfer Cost		232,465						
100% SHARED SERVICES CANADA - (Various CEGs)		6,156						
SO 04 - CEG 160 - Legal Services		-126						
SO 04 - CEG's 200, 201 & 202 - Health Services								
SO12 - CEG 620 - Compensation Claims/Ex-Gratia								
ICBC Repairs to Police Vehicles Credit								
Refund of Credits under CE 1691	3,757							
TOTAL CREDITS	3,757	363,532						

TOTAL DIRECT COSTS

	3,189,701	3,474,252	3,841,980	4,370,329	4,584,665	4,806,689	5,032,209	5,151,065
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INDIRECT COSTS (Summary)

1) RM Pensions	505,530	533,234	512,087	606,792	639,725	673,923	709,450	726,858
2) RM CPP	63,787	61,244	73,439	84,834	89,724	94,806	100,085	102,587
3) Employer's Contr. to E.I. for R/M's	28,002	28,080	32,239	32,794	34,684	36,648	38,689	39,657
4) Division Administration (per cap x avg.# RM's)	609,532	631,727	721,146	905,890	975,240	1,040,410	1,109,400	1,148,960
5) Recruitment & Training	110,021	114,855	154,676	207,491	230,234	237,340	244,446	244,446
6) National Programs	60,936	59,126	69,291	79,385	82,000	84,621	87,248	87,344
7) Police Dog Service Training	18,812	17,663	17,713	19,824	20,096	20,096	20,096	20,096
8) Amortization of Equipment > \$150,000 @ 10%								
9) Reservists - CPP & EI	4,833	5,400	7,762	7,951				
TOTAL INDIRECT COST	1,401,452	1,451,328	1,588,354	1,944,961	2,071,703	2,187,844	2,309,414	2,369,948

TOTAL COSTS (Direct + Indirect) @ 100%

	4,591,153	4,925,581	5,430,334	6,315,290	6,656,367	6,994,533	7,341,623	7,521,013
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FEDERAL COST 10 %

	459,115	492,558	543,033	631,529	665,637	699,453	734,162	752,101
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MUNICIPAL POLICING COSTS 90%

	4,132,038	4,433,022	4,887,300	5,683,761	5,990,731	6,295,080	6,607,461	6,768,911
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MUNICIPAL COSTS - 100 % (Schedule 3B & 3C)

	840,778	632,643	938,000	985,135	990,061	995,011	999,986	1,004,986
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TOTAL MUNICIPAL POLICING COSTS 90% & 100%

	4,972,816	5,065,665	5,825,300	6,668,896	6,980,792	7,290,091	7,607,447	7,773,898
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COURTENAY 2019/20 to 2023/24 Fiscal Estimates	COURTENAY 16/17 Final	COURTENAY 17/18 Pre-Final	COURTENAY 18/19 Budget	COURTENAY 19/20 Estimates	COURTENAY 20/21 Estimates	COURTENAY 21/22 Estimates	COURTENAY 22/23 Estimates	COURTENAY 23/24 Estimates
CONTRACT STRENGTH ACTUAL / FUNDED STRENGTH	30.4	30.4	30.4	31.4	32.4	33.4	34.4	34.4
COST ELEMENT GROUP (CEG)	25.02	23.35	27.4	31.4	32.4	33.4	34.4	34.4

INDIRECT COSTS - REGULAR & CIVILIAN MEMBERS								
1) Pensions (Total Pensionable Earnings)	2,227,003	2,349,049	2,685,300	3,181,920	3,354,614	3,533,945	3,720,239	3,811,528
Pension Rate	22.70%	22.70%	19.07%	19.07%	19.07%	19.07%	19.07%	19.07%
Total Cost of RM/CM Pension	505,530	533,234	512,087	606,792	639,725	673,923	709,450	726,858
2) CPP (Pensionable Earnings) on a Per Capita Cost	2,549	2,622	2,678	2,702	2,769	2,838	2,909	2,982
Total Cost (Per Capita x FTE Utilization)	63,787	61,244	73,439	84,834	89,724	94,806	100,085	102,587
3) Employer's Contr. to E.I. on a Per Capita Cost	1,119	1,202	1,176	1,044	1,071	1,097	1,125	1,153
Total Cost (Per Capita x FTE Utilization)	28,002	28,080	32,239	32,794	34,684	36,648	38,689	39,657
4) Division Administration on a Per Capita Cost	24,360	27,050	26,300	28,850	30,100	31,150	32,250	33,400
Total Cost of Div. Administration	609,532	631,727	721,146	905,890	975,240	1,040,410	1,109,400	1,148,960
5) Recruitment & Training								
Per Capita Cost of Recruitment	3,267	3,560	4,392	5,092	5,395	5,395	5,395	5,395
Per Capita Cost of Training	1,130	1,358	1,249	1,516	1,711	1,711	1,711	1,711
Total Cost of Recruitment & Trng	110,021	114,855	154,676	207,491	230,234	237,340	244,446	244,446
6) Other National Indirects Per Capita (Addendum 'A')	2,435	2,532	2,527	2,528	2,531	2,534	2,536	2,539
Total Cost (Per Capita x FTE Utilization)	60,936	59,126	69,291	79,385	82,000	84,621	87,248	87,344
7) Police Dog Svc. Trng. as a Per Cap. cost	26,862	25,233	25,304	28,320	28,708	28,708	28,708	28,708
Total Cost (Per cap X PD Teams) - COURTENAY=70%	18,812	17,663	17,713	19,824	20,096	20,096	20,096	20,096
TOTAL INDIRECT COSTS - RM's & CM's	1,396,620	1,445,929	1,580,592	1,937,010	2,071,703	2,187,844	2,309,414	2,369,948

INDIRECT COSTS - RESERVISTS	FTE	1.26	1.35	1.39	1.32	1.32	1.32	1.32
a) CPP for Reservist on a Per Capita Cost..	2,549	2,622	2,678	2,702	2,769	2,838	2,909	2,982
Total Cost (Per Capita x FTE)	3,204	3,540	5,147	5,452	5,589	5,731	5,873	6,019
b) Employer's Contr. to E.I. on a Per Capita Cost..	1,295	1,378	1,361	1,238	1,269	1,301	1,333	1,367
Total Cost (Per Capita x FTE)	1,628	1,860	2,615	2,499	2,561	2,626	2,691	2,758
TOTAL INDIRECT COSTS - RESERVISTS	4,833	5,400	7,762	7,951	8,151	8,357	8,564	8,778
TOTAL INDIRECT COSTS	1,401,452	1,451,328	1,588,354	1,944,961	2,079,853	2,196,200	2,317,979	2,378,726

ADDENDUM 'A'								
OTHER INDIRECT COSTS								
Civilian Review & Complaints Committee (CRCC)	446	494	489	489	489	489	489	489
Legal Advisory Services	168	174	175	177	180	182	185	188
Enhanced Reporting & Accountability	116	120	118	118	118	118	118	118
Estimated Annual Severance	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
CONSOLIDATED SERVICES								
Shared Services Canada (SSC)	682	721	721	721	721	721	721	721
Accounting Operations								
Pay & Compensation								
TOTAL PER CAPITA COST (Indirects #6)	2,435	2,532	2,527	2,528	2,531	2,534	2,536	2,539

FISCAL YEAR TO CALENDAR YEAR CONVERSION TABLE								
Calendar Year	2016	2017	2018	2019	2020	2021	2022	2023
Fiscal Year Total Current	4,972,816	5,065,665	5,825,300	6,668,896	6,980,792	7,290,091	7,607,447	7,773,898
Fiscal per Qtr Current	1,243,204	1,266,416	1,456,325	1,667,224	1,745,198	1,822,523	1,901,862	1,943,474
Fiscal Year Total Prior Year	5,265,483	4,972,816	5,065,665	5,825,300	6,668,896	6,980,792	7,290,091	7,607,447
Fiscal per Qtr Prior Year	1,316,371	1,243,204	1,266,416	1,456,325	1,667,224	1,745,198	1,822,523	1,901,862
Calendar								
Jan - Mar	1,316,371	1,243,204	1,266,416	1,456,325	1,667,224	1,745,198	1,822,523	1,901,862
Apr - June	1,243,204	1,266,416	1,456,325	1,667,224	1,745,198	1,822,523	1,901,862	1,943,474
Jul - Sept	1,243,204	1,266,416	1,456,325	1,667,224	1,745,198	1,822,523	1,901,862	1,943,474
Oct - Dec	1,243,204	1,266,416	1,456,325	1,667,224	1,745,198	1,822,523	1,901,862	1,943,474
City Calendar Year Total	5,045,983	5,042,453	5,635,392	6,457,997	6,902,818	7,212,766	7,528,108	7,732,285

Colour Legend
 Red = Post Budget CEG controlled by OIC
 Black = Division Controlled CEG (DCCEG)
 Blue lettering = Standard Object (SO)
 Blue background = CEG credited to Direct Costs

**NOTES & ASSUMPTIONS for 2019/20
Municipal Contracts**

Our terminology for the grouping of General Accounts:

- Cost Element Group (CEG)
- Cost Element (CE)

NOTES ON DIRECT COSTS

CEG 30 - RCMP Members Pay

CE 110 - Regular Pay

- 2.50% estimated salary increase each year starting from January 1, 2017
- The deeming of the Civilian Member (CM) category of employees was delayed until May 21, 2020. Therefore, pay and pension for 2019/20 will be charged at the RM/CM rates rather than the previously announced Public Service Employee (PSE) rates. Other indirect costs will continue to be charged on a per FTE basis
- Potential impact of cash outs relating to member excess leave is dependent on policy and management direction and has not been reflected in the MYFPs

CEG 190 – Training

The 2019/20 increase over 2018/19 budget is to account for growth in various training requirements through to 2020/21, such as the Investigator Development Program

CEG 430 - Fuel

The 2019/20 increase over 2018/19 budget is to account for the underestimated 2018/19 budget given the recent increase in fuel prices

DIRECT COST DEDUCTIONS

These are deducted from the Total Direct Cost for each municipality.

Non-billable costs are deducted and paid by the Federal Government:

- CEGs 40 & 41 - Transfer Allowances
- CEGs 60 to 66 - Relocation Costs
- CEG 160 - Legal Services
- CEG 620 - Claims and Compensation Settlements

These costs are deducted and included in Division Administration Costs within the Indirect Costs:

- CEG 32 - Pay Members (Severance, Maternity and Parental allowances)
- CEGs 200 to 202 - Health Services

INDIRECT COSTS

With the exception of Member Pension, all costs listed below are charged on a per FTE basis for members.

- Member Pension - 19.07% of pensionable cost element items
- Member Canada Pension Plan - \$2,702
- Employment Insurance - \$1,044
- Division Administration - \$28,850 (Please refer to attached schedule 4)
 - Includes an estimate for E Division HQ @ \$900 per FTE
- A separate calculation is listed for EI and CPP with respect to Reservists (if used)

- Other Indirect Costs:
 - Civilian Review and Complaints Commission (formerly PCC) - \$489
 - Legal Advisory Services - \$175
 - Enhanced Reporting & Accountability - \$116
 - Estimated Annual Severance (based on annual liability) - \$1,023

Shared Services Canada (SSC) - \$721: SSC provides telecommunication and email services, networks, data centres, and servers to the RCMP. This rate is based on the historical costs for certain covered services. Units requesting additional services will be billed separately for those services.

Training & Recruiting: Forecasted as a national program starting in 2015/16. For 2019/20 rates are estimated at \$5,092 per FTE for the Cadet Training Program and \$1,516 per FTE for recruiting.

Police Dog Service Training: Forecasted as a national program starting 2015/16 based on established PDS teams in each contract jurisdiction. For 2019/20, the cost is estimated at \$28,320 per PDS team. For Lower Mainland District municipalities, this cost will be included in the Integrated Teams budget.

COSTS BILLABLE AT 100%

The following are some of the items that are billable at 100% per the policing contract:

- Accommodation costs (including occupancy charge) for municipal units in federally owned buildings
- PS Support staff costs (including backfills, overtime, severance, pension, CPP, etc.)
- Furniture and fixtures
- House Furnishings
- Prisoner costs (including mattresses and blankets for cells)
- Kit and Clothing for auxiliaries

Courtenay - 5 Year Salary Forecast

	2018-19		2019-20		2020-21		2021-22		2022-23		2023-24	
Annual Raise	2.50%		2.50%		2.50%		2.50%		2.50%		2.50%	
Effective Increment for Fiscal Year	2.50%		2.50%		2.50%		2.50%		2.50%		2.50%	
(April to March, applying 9 months @ current year raise + 3 months following year raise)												
	FTE	Avg Salary	FTE	Avg Sal	FTE	Avg Sal	FTE	Avg Sal	FTE	Avg Sal	FTE	Avg Sal
	Cost		Cost		Cost		Cost		Cost		Cost	
Regular Members	26.72	\$ 2,964,044	30.70	\$ 2,964,044	31.70	\$ 3,132,956	32.70	\$ 3,308,461	33.70	\$ 3,490,784	33.70	\$ 3,578,053
Sp/CST	17.72	90,242	21.70	92,498	22.70	94,811	23.70	97,181	24.70	99,611	24.70	102,101
CST	5.00	98,913	5.00	101,386	5.00	103,920	5.00	106,518	5.00	109,181	5.00	111,911
CPL	3.00	106,829	3.00	109,499	3.00	112,237	3.00	115,043	3.00	117,919	3.00	120,867
SGT	1.00	118,441	1.00	121,402	1.00	124,437	1.00	127,548	1.00	130,737	1.00	134,005
SGT MAJ	-	-	-	-	-	-	-	-	-	-	-	-
S/SGT	-	-	-	-	-	-	-	-	-	-	-	-
S/SGT MAJ	-	-	-	-	-	-	-	-	-	-	-	-
INSP	-	-	-	-	-	-	-	-	-	-	-	-
SUPT	-	-	-	-	-	-	-	-	-	-	-	-
C/SUPT	-	-	-	-	-	-	-	-	-	-	-	-
Civilian Members	0.70	\$ 71,276	0.70	\$ 71,276	0.70	\$ 73,057	0.70	\$ 74,884	0.70	\$ 76,756	0.70	\$ 78,675
ESS	0.70	99,339	0.70	101,822	0.70	104,368	0.70	106,977	0.70	109,651	0.70	112,393
CMP	-	-	-	-	-	-	-	-	-	-	-	-
GTE	-	-	-	-	-	-	-	-	-	-	-	-
LIN	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	27.42	\$ 3,035,320	31.40	\$ 3,035,320	32.40	\$ 3,206,014	33.40	\$ 3,383,345	34.40	\$ 3,567,539	34.40	\$ 3,656,728
% Variance		16.65%		16.65%		5.62%		5.53%		5.44%		2.50%
Average \$/FTE		\$ 96,666		\$ 96,666		\$ 98,951		\$ 101,298		\$ 103,708		\$ 106,300

CITY OF COURTENAY
COST of PUBLIC SERVICE EMPLOYEES

	2017/18 Pre Final	2018/19 Budget	2019/20 Estimate
FTEs	8.4	9.0	9.0
DIRECT COSTS:			
CEG 10 - PAY - PUBLIC SERVICE EMPLOYEES			
CE 500100 REGULAR PAY F/T IND. PSE	312,424	369,200	376,600
CE 500136 REG. PAY P/T IND. PSE	3,337	33,000	33,700
CE 500141 PSE CASUALS	76,410	76,500	78,000
CE 500142 PSE TERM > 6 MONTHS	43,600	30,000	40,000
CE 500143 PSE TERM < 6 MONTHS	10,880		
CE 500173 VAC. PAY PT	80		
CE 500180 VACATION PAY TERM/CASUAL	2,627	4,000	4,000
CE 500301 PREMIUM PAY & ALLOWANCES	7,967	5,000	5,000
CE 501154 GOVT EMPL COMPENSATION			
CE 502202 RETROACTIVE PAY - PRIOR YEAR	31,184		
CEG 11 - OVERTIME - PS	23,043	33,900	34,600
CEG 12 - PSE ALLOWANCES	7,429	30,000	30,000
TOTAL DIRECT COSTS	518,981	611,600	631,900
INDIRECT COSTS:			
A) COST OF PS PENSIONS (CE 100, 136,142)	359,361	432,200	450,300
PENSION RATE	11.80%	10.22%	10.22%
TOTAL COST OF PS PENSIONS	42,405	44,171	46,021
B) COST OF PS CPP			
AS A PER CAPITA COST	2,622.40	2,635.82	2,701.71
X PSE UTILIZATION	8.42	9.0	9.0
TOTAL COST OF PS CPP	22,081	23,722	24,315
C) COST OF EMPLOYERS CONTRIB. to E.I.			
AS A PER CAPITA COST	1,377.78	1,207.84	1,238.03
X PSE UTILIZATION	8.42	9.0	9.0
TOTAL COST OF E.I. CONTRIBUTIONS	11,601	10,871	11,142
D) COST OF SHARED SERVICES			
AS A PER CAPITA COST	721	721	721
X PSE UTILIZATION	8.42	9.0	9.0
TOTAL COST OF SSC	6,071	6,489	6,489
TOTAL INDIRECT COSTS	82,157	85,253	87,967
TOTAL COST OF PUBLIC SERVICE EMPLOYEES	601,138	696,853	719,867

**Municipal Contract Accommodation Estimate 2019-20
as of March 31, 2018**

City of Courtenay

Direct Operating Costs:

CEG		2017-18	2018-19	2019-20
		PRE-FINAL	ORG. EST	ESTIMATE
700170	Contracted Services - Real Property	47,648	72,100	72,000
700171	Contracted Services - Real Property - Unit Commander Authority	2,121	-	-
700218	Contaminated Sites	-	-	-
700240	Rental of Buildings, Land & Works	56,711	5,800	55,000
700310	Repair of Buildings & Works	12,697	14,000	14,000
700311	Repair of Buildings & Works - Unit Commander Authority	-	-	-
700400	Utilities	14,458	19,300	20,000
700592	Payment in Lieu of Taxes	13,788	26,900	27,000
Total O&M Charge		147,423	138,100	188,000

Occupancy Charge Calculation:

RCMP Municipal Contract EST	30.4	39.4	30.4
Municipal Employee EST	2.0	2.0	2.0
Total Municipal EST (RM plus ME)	32.4	41.4	32.4
Total EST in building (RM plus support)	122.5	121.0	122.5
Municipal percentage of total building EST	26.4%	34.2%	26.4%
Building Gross Interior Space (sq. m)	1,687.7	1,936.6	1,687.7
Prorated space charged to Municipal Contract	446.4	662.6	446.4
x Provincial rate per square meter	173.10	213.90	173.10
Occupancy Charge	77,268	141,730	77,268

Total Property Cost Estimates for Municipal Contract:	224,691	279,830	265,268
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NOTES:

- (1) 2018-19 original estimate from Municipal Contract Policing Resource Requests - was prepared and sent in May 2017
- (2) 2017-18 - The basis of calculations is changed to be consistent with the PPSA/MPSA and reflect the actual establishment for Courtenay (30.4 RM + 9 PS + 2 ME). In previous years and up to 2016/17, the establishment was adjusted down by approx. 6 positions due to a previous detachment level arrangement that should have ended in 2011/12 for location 130B 19th Ave .

Division Administration
Core Administration, Payment in Lieu of Leave, Health Services, Special Leave
5 Year Forecast

	2017/18 Pre-Final	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
Cost Category							
Core Administration	8,209	8,552	8,925	9,087	9,229	9,371	9,512
Payment in Lieu of Leave	757	874	917	963	992	1,022	1,053
Health Services	4,022	4,344	4,691	5,067	5,472	5,910	6,383
Special Leave	14,063	13,680	14,316	14,983	15,457	15,947	16,452
Total Per Capita Divisional Administration	27,050	27,450	28,850	30,100	31,150	32,250	33,400
Percent change from prior year		1.5%	5.1%	4.3%	3.5%	3.5%	3.6%
Cost Category as a % of Total Divisional Administration							
Core Administration	30%	31%	31%	30%	30%	29%	28%
Payment in Lieu of Leave	3%	3%	3%	3%	3%	3%	3%
Health Services	15%	16%	16%	17%	18%	18%	19%
Special Leave	52%	50%	50%	50%	50%	49%	49%
Total Divisional Administration	100%	100%	100%	100%	100%	100%	100%

Reference Information	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Estimated Annual Severance Liability	6,323,766	6,323,766	6,323,766	6,323,766	6,323,766	6,323,766	6,323,766
Estimated Annual Severance Per Capita Rate - Note 4	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Previous 16/17 5 Year Forecast	25,800	26,300	27,300	28,300	29,400	30,500	-
Change in Forecast from 16/17 Forecast 5 Year Forecast	1,250	1,150	1,550	1,800	1,750	1,750	-
Change in Forecast from Previous Year	2,690	400	1,400	1,250	1,051	1,100	1,150

Variables (Growth)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Personnel	1.02	1.02	1.02	1.02	1.02	1.02	1.02
O&M	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Mat/Pat	1.05	1.05	1.05	1.05	1.05	1.05	1.05
Pay in Lieu of Leave	1.02	1.05	1.05	1.05	1.03	1.03	1.03
Medical Leave, Gradual Return to Work, Other LWP	1.05	1.05	1.05	1.05	1.03	1.03	1.03
Health Services Costs	1.05	1.08	1.08	1.08	1.08	1.08	1.08

Note 1: Forecast for 16/17 onwards includes Disability Management Program (DMP). RCMP/CMC is working with the Province toward creating a DMP unit focused on reducing long term leave.

Note 2: Forecast for 14/15 onwards includes E-Division Headquarters Building which is still under discussion.

Note 3: Divisional FTEs = Total Members (RM / CM) less Members on Leave (RM / CM) less Div Admin Members (RM / CM).

Note 4: Severance - For budgeting purposes, we are continuing to identify an annual estimate of the severance liability.

Schedule 5

City of XXXXXX
XXXXXX Ave
XXXXXX, BC

**Municipality Over 15,000
Sample Response**

June 8, 2018

Ms. Maricar Bains
Acting Director of Finance, RCMP Pacific Region
Mailstop #908, 14200 Green Timbers Way
Surrey, BC
V3T 6P3

Dear Ms. Bains:

Re: Municipal Contract Policing Resource Request – 2019 /20

This Letter of Approval in Principle is issued to conform to the Federal Treasury Board requirements to enable the Federal Government to set aside sufficient financial resources to cover their share of the Municipal RCMP contract costs.

The City of XXXXXX anticipates that we will require the addition of ### (#) members to our detachment strength of ## to bring the total detachment strength to ## for the 2019/20 fiscal year. The budget estimate that is approved in principle is \$XX.X million at 100% (that our municipality is responsible for the 90%). It includes \$XXX of capital equipment costing (>\$150K).

As outlined above, this letter provides an “approval in principle” and is issued for planning purposes only. It should not be taken as approval to add the anticipated ## of members to the detachment. City Council will be meeting on XXX, 2018 to confirm the 2019/20 budget and the number of additional human resources. We will inform you of that decision once it is made.

If you have any questions, please give me a call at 604-XXX-XXXX.

Sincerely,

John Doe
Treasurer/Deputy Administrator

cc: XXXXXXXX RCMP Detachment
Clayton Pecknold, Assistant Deputy Minister and Director of Police Services, Ministry of Justice

City of XXXXXX
XXXXXX Ave
XXXXXXX, BC

Month, Date Year

The Honourable Mike Farnworth
Solicitor General & Minister of Public Safety
P.O. Box 9010 Prov. Govt.
Victoria, British Columbia V8W 9L5

Dear Minister Farnworth:

RE: Request for Decrease/Increase in Member(s) to [Municipality Name] RCMP Municipal Police Unit

The Council of the [Municipality Name] has authorized and is requesting a decrease/increase of ___ (#) regular member(s) assigned to its RCMP Municipal Police Unit for the 20##/20## fiscal year, effective [Date]. The current [Municipality Name] authorized strength is ___ (#) members. With the increase/decrease of ___ position(s), the authorized establishment to be recorded in Annex "A" of the [Municipality Name] Municipal Police Unit Agreement will be ___ (#).

I confirm our incremental financial commitment for the costs of the requested increase/decrease.

Since establishment increases/decreases require amendments to Annex "A" of the Federal/Provincial Agreement, please take the necessary steps to amend the Annex "A" by contacting the Solicitor General of Canada.

Thank you for your attention to this matter.

[name/signature]

Cc:

Member in Charge, Local RCMP Detachment
Establishment Coordinator, Establishment Unit, RCMP Pacific Region
Director of Finance, RCMP Pacific Region



STAFF REPORT

To: Council

File No.: 1830-02

From: Chief Administrative Officer

Date: June 18, 2018

Subject: Woodlands VIS6154 Strata Utility Billing Options

PURPOSE:

The purpose of this report is to provide Council with options for billing utility user fees to the residents of Woodlands VIS6154 Strata at 2001 Blue Jay Place.

POLICY ANALYSIS:

On May 7, 2018 Council passed the following resolution:

9.00 UNFINISHED BUSINESS

.01

APRIL 16TH

DELEGATION -

DENNIS THOMAS,

WOODLANDS STRATA
(2001 BLUE JAY PL.)

STRATA UTILITY FEE

BILLING AND

COLLECTION FOR

SEWER & SOLID

WASTE SERVICES

Moved by Hillian and seconded by Theos that Council direct staff to draft a report providing options how strata utility fees for sewer and solid waste may be calculated and collected for a more equitable allocation of service fees for strata residents;

That the report include processes to bill individual owners of strata lots separately on an equalized basis; and,

That the report includes the current billing procedures used by the Town of Comox and comparable municipal jurisdictions.

Carried

EXECUTIVE SUMMARY:

When collecting utility user fees the practice of the city is to charge strata corporations versus individual strata property owners. Strata property owners at 2001 Blue Jay Place (Woodlands VIS6154 Strata) are requesting the City to direct bill residents since they note their strata corporation is inflating utility rates above the amounts the City would charge.

Council has asked for possible solutions and staff has identified four options.

1. *Maintaining the status quo - billing utilities to the strata corporation.*
2. *Applying single family utility flat user fees to each strata property owner's property tax account.*
3. *Analyzing water consumption and billing strata owners on the basis of property entitlement and on individual utility notices, with sewer and solid waste flat fees being billed on individual strata property owner's tax notices.*
4. *Creating new utility user flat fees for strata property owners.*

Maintaining the status quo is the most cost effective option but from a legislative perspective it is the most controversial and it will not appease Woodlands strata residents. Staff completed research with the Town of Comox and other B.C. municipalities and found the general process is to bill strata corporations.

This matter has been presented to the Association of Vancouver Island and Coastal Communities (AVICC) in the form of a Council resolution entitled, “Strata Utility Billing Legislative Change” and correspondence submitted to the Deputy Minister requesting legislative changes to the *Community Charter* and *Strata Property Act*. The City has recently been notified by UBCM that the AVICC resolution has been accepted for submission to its membership at the 2018 UBCM Convention in September.

Staff recommend that the City’s strata billing processes remain the same until provincial guidelines are clarified.

CAO RECOMMENDATIONS:

That based on the June 18, 2018 staff report “Woodlands VIS6154 Strata Utility Billing Options”, Council approve Option 1 and continue to bill utility user fees to strata corporations until the matter is considered at the 2018 UBCM Convention and/or the Province has provided some indication of its support for the requested legislative changes to the *Community Charter* and *Strata Property Act*.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

To remain consistent when billing stratas with varying governance structures, the City typically bills all City utility user fees directly to a strata corporation. Most strata properties are supplied with metered water and the strata corporation is then charged based on consumption for the entire property. This includes irrigation, fire lines and shared facilities. Municipal Solid Waste (MSW) and sewer user fees are charged to the strata corporation in an annual flat utility bill and are typically reflective of the rates charged to single family residential properties.

Since October 2014, staff has been queried by representatives of The Woodlands VIS6154 Strata at 2001 Blue Jay Place to change current practices to direct billing of utility user fees to each strata resident. On April 16, 2018 Woodlands representatives requested Council to commence direct billing noting their strata corporation is overcharging them. They identified an example of a “walkout” patio home in 2015 paying \$353 more than what the City would bill for a single family residential property.

In March, the City submitted a resolution to the Association of Vancouver Island and Coastal Communities (AVICC) and on April 9, 2018 Staff submitted a written request to the Minister asking for legislative changes to allow direct billing to strata corporations.

DISCUSSION:

There are two water utility accounts for the Woodlands strata – one that measures water consumption for the entire strata property and the other that measures water for fire-irrigation lines. A third utility account is used to bill the annual sewer user fee and the solid waste-recycling fees. There are 76 strata property owners located within this strata property.

There are four options to consider for this strata:

1. *Status quo – continue billing the strata corporation.*

Pros	Cons
Less labor intensive to continue current practice.	Does not appease Woodlands Strata.
Is similar to many other communities across the province.	Potential public relations issue for Council.
City does not impact commercial employment of third party billing organizations used by strata corporations – loss of private sector jobs.	

2. *Apply the single family residential flat utility user fees to each strata owner’s property tax account. Adjust common charges equally among strata owners.*

Pros	Cons
Strata residents pay the same fees as a single family residential property.	Opens the door for other stratas within Courtenay to request similar treatment – Pandora’s box.
Easy to administer – Everyone within the strata is treated the same.	Leak detection and repair is more problematic if water meters are read less frequently. Higher risk of lost utility revenue.
City operating costs are minimized since common charges and adjustments are generally made only once per year.	Some individual strata property owners may be charged higher utility rates than the rates assigned to them under the existing system.
	Strata residents would have to purchase extra solid waste tags if they require additional services.
	Requires 100% unanimous support from strata property residents as per section 100 of the <i>Strata Property Act</i> .
	When utilities billed on tax notices the penalties for overdue tax accounts is 10% versus 5%. The due date for payment of utilities would change

	from July 25 th to July 3 rd .
	City becomes a mediator willing to intervene in strata problems.
	City takes on the role of third party billing organization for strata residents. City interferes with small businesses and could cause job losses.

3. *Analyze water consumption charged to the strata from the prior year, apply new water rates, and distribute costs to strata owners on the basis of their strata property entitlement. Current water consumption is adjusted at the end of the year. Single family residential sewer and solid waste flat user fees are applied to individual strata property owner tax notices. Any additional year end water, sewer or solid waste fees from a prior year are incorporated into the current year’s water utility bill.*

Pros	Cons
Public relations solution.	Labor intensive –requires cooperation from strata to provide each individual strata property owner’s entitlement. Staff then set up accounts, create distribution spreadsheets, analyze and bill owners.
Appeases residents within Woodland strata.	Potential for multiple strata utility rates to address different consumption and service patterns. Operationally cumbersome and creates a higher probability for data entry errors.
	Additional operating costs - postage, envelopes and utility bills.
	Opens the door for other stratas to request similar treatment – Pandora’s box.
	Ownership changes within the strata must be provided to staff to ensure correct mailing addresses for water utility accounts.
	City becomes a mediator – willing to resolve strata problems outside its political mandate.
	City takes on the role of third party billing organization for residents. City interferes with small businesses and could cause job losses.

4. *Develop new utility flat user fee rates for strata property owners.*

Pros	Cons
Once created, the rate can be applied to a strata property owner’s tax account.	Labor intensive –would need to ensure new strata global utility rates generate the same amount of revenue as the former system.

	May be viewed as an inequitable system – larger property charged the same as smaller property.
	Existing utility bylaws would require revision.
	City takes on the role of third party billing organization for residents. City interferes with small businesses and could cause job losses.

The implementation of Options 2 to 4 cannot be completed for the 2018 tax year as 2018 tax notices have already been printed and mailed. Implementation of any of these choices can only occur in 2019.

If Options 2 to 4 are implemented, the detection of leaks and subsequent billing for the lost water will be problematic. In addition, if these options are expanded to other stratas there is no guarantee solid waste and recycling services provided by Emterra will be able to provide the same level of service to a strata property as they would to single family residential properties due to space limitations.

Staff queried a variety of communities and found the following:

- **Town of Comox** – Water is billed to a strata corporation; sewer and solid waste are billed on each strata owner’s property tax notice.
- **Campbell River** - Generally bills strata corporations who then bill individual strata owners but they do have some stratas where they charge a flat rate user fee per unit.
- **Nanaimo** – Their Waterworks Rate and Regulation Bylaw 2006 No. 7004 stipulates that ‘where a strata corporation exists, a single bill is provided to the corporation...’
- **Maple Ridge** – Water is billed to the strata corporation. Sewer charges are billed to the individual unit.
- **Town of Gibsons** – Water use divided equally among the individual strata property owners. Sewer and garbage charges are flat fees and also applied to individual property owners.
- **Port Alberni** – Water is billed to the strata corporation.

FINANCIAL IMPLICATIONS (Woodland Strata only):

The table below identifies what the estimated costs would be for each option noted earlier.

	Options	Estimated staff time	Financial Cost
1	Status Quo – continue billing strata corporation		No additional costs
2	Single Family Residential utility fee flat rates applied to strata property owner’s property tax account. Extra solid waste or recycling costs are invoiced separately to each strata property owner. Utility Costs for each strata property owner is \$953.10 (Water = \$467.53; Sewer = \$324.17; Solid Waste = \$161.40).	1 hour	Approximately \$200

3	<p>Annual water consumption reviewed and billed annually to each strata property owner. Sewer and solid waste charges applied to each strata property owner’s tax notices would be \$485.57 (Sewer = \$324.17; Solid Waste = \$161.40).</p> <p>The water consumption calculation would require additional staff time to research and bill to each property owner. Using 2017 consumption data and applying 2018 water rates, the cost per strata resident, if distributed equally, would be around \$263.26.</p> <p>The total estimated cost per resident is \$748.83</p>	7 hours	Approximately \$1,000
4	<p>New flat utility user fee rates designed for stratas and applied to each strata property owner’s tax account.</p>	35 hours	Approximately \$2,500

Costs would be much higher when considered from a global perspective. The City has 135 stratas and if options 3 and 4 are selected, over 3,000 new utility accounts would be required and the additional costs to the City would annually be \$30,000 or higher. This results in a significant impact to each utility’s operating budget. Utility rates would need to increase or service levels decrease to accommodate this added expense.

ADMINISTRATIVE IMPLICATIONS:

The amount of Finance and Public Works staff time would vary from approximately 1 hour to over 35 hours depending on the options selected for only the Woodlands Strata.

There will be a significant impact to Finance and Public Works staff if other stratas request the City’s intervention. To globally implement any option other than the status quo, will require several months of staff time. Furthermore, the successful implementation of any solution will be contingent on strata groups providing all relevant resident and entitlement information to staff in a timely manner.

ASSET MANAGEMENT IMPLICATIONS:

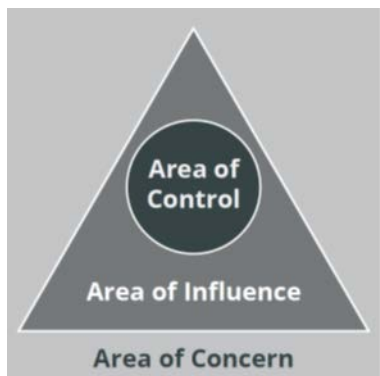
Utility rates are set with the perspective of ensuring there is sufficient revenue to provide a sustainable service to the public. Any increase in operating costs or loss in revenue would impact the City’s ability to renew or to maintain existing assets.

STRATEGIC PLAN REFERENCE:

We focus on organizational and governance excellence

- We recognize staff capacity is a finite resource

- Communication with our community is a priority, and is considered in all decisions we make
- We responsibly provide services at a level which the people we serve are willing to pay



- **Area of Control**
The policy, works and programming matters that fall within Council’s jurisdictional authority to act.
- ▲ **Area of Influence**
Matters that fall within shared or agreed jurisdiction between Council and another government or party.
- **Area of Concern**
Matters of interest outside Council’s jurisdictional authority to act.

OFFICIAL COMMUNITY PLAN REFERENCE:

N/A

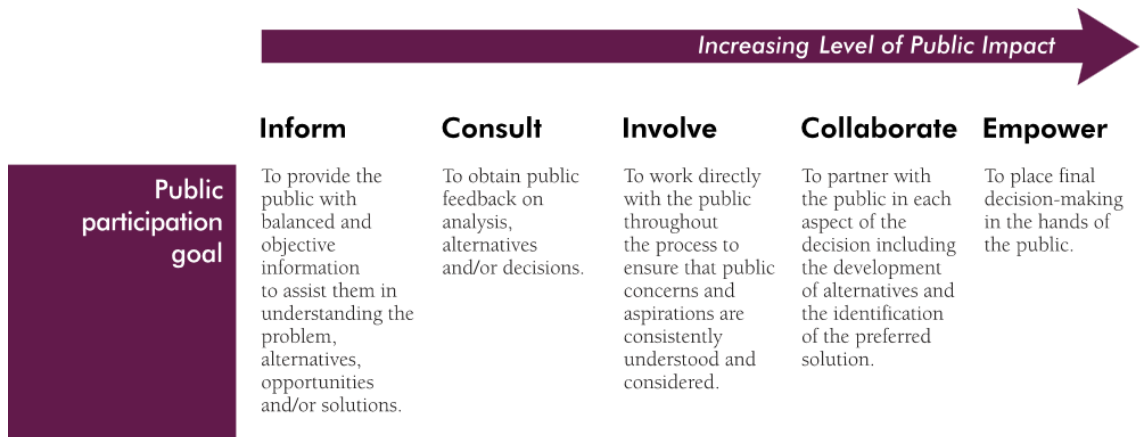
REGIONAL GROWTH STRATEGY REFERENCE:

N/A

CITIZEN/PUBLIC ENGAGEMENT:

Staff would **inform** the public based on the IAP2 Spectrum of Public Participation:

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf



OPTIONS:

1. That staff maintain the status quo and continue billing utility user fees to strata corporations until the matter is considered at the 2018 UBCM Convention and/or the Province has provided some indication of its support for the requested legislative changes to the *Community Charter* and *Strata Property Act*. (RECOMMENDED)
2. That the single family residential user fees be applied to each strata property owner’s tax account.

3. That sewer and solid waste user fees be applied to each strata property owner's tax account and water be billed quarterly via individual utility accounts.
4. That new utility flat user fee rates be created for strata properties and applied to strata owners' property tax notices.

Prepared by:



Brian Parschauer, BA, CPA-CMA
Director of Finance

Minutes of a Parks & Recreation Advisory Commission Meeting

Held in the Bill Moore Lawn Bowling Building - Thursday, March 1, 2018 at 6:30 p.m.

Attending: Iris Churchill
Mary Crowley
Allan Douglas
Wayne King
Carolyn Janes
Dave Snider (Ex Officio)
Erik Eriksson (Council Representative)

Regrets: Sébastien Braconnier

Tour of Lawn Bowling Facility

6:30 pm - Tour was hosted by Michael Lynch, Lawn Bowling Club President. They will have 'Sunday Social' drop-ins for those who wish to try out Lawn Bowling & the Club is hoping to host the 2018 Provincials.

Call to Order

The meeting was called to order at 6:56 p.m.

Adoption of Previous Meeting Minutes

MINUTES **Motion:** Moved by A. Douglas that the minutes of the February 15th, 2018 meeting be adopted as read, seconded by I. Churchill. All in favor. CARRIED

July 1st

GROUND'S LAYOUT Dave showed draft layouts of both the grounds and parade routes. It was identified to the Commission that Scott Mossing, Special Events Coordinator is now coordinating the event.

PARADE ROUTE CHANGE Feedback was positive and the changes were welcomed by the Commission.

Updates

TREE REMOVAL AT LEWIS PARK A briefing note was shared with the Commission that identified a tree that must be removed next to the Lewis Park washrooms.

ACV (ACTIVE COMOX VALLEY) Dave will speak to Sally Fenneman to see if she can speak to the Commission regarding 'ACV' in April. The Commission is open to possible new directions based on community needs.

RECREATION ACCESS SUMMARY At the Regional Recreation Directors meeting on March 1, 2018, a Director shared a summary of Recreation Access programs. The regional program and City program use the same criteria and are therefore compatible. Staff will continue to evaluate the possibility of unifying with CVRD. The Commission members applaud the initiative.

PICKLEBALL & TENNIS Dave gave a summary of next steps in addressing the concerns of both groups. Tony Wong is the Tennis Rep. & Rick Falk represents Pickleball.

NEW MEMBERS

The Commission would value more members to ensure quorum as some members foresee multiple absences in attendance in the coming months and would like to see some fresh ideas & younger members. Commission members will make recommendations to the team for consideration. Staff will take those names to Council for appointment.

Next Meeting

Thursday, April 5, 2018 at 6:30 p.m. at the Native Sons Hall, Dining Room (lower level).

Adjournment

The meeting was adjourned at 8:25 p.m.

THE CORPORATION OF THE CITY OF COURTENAY

BYLAW NO. 2935

A bylaw to amend Zoning Bylaw No. 2500, 2007

The Council of the Corporation of the City of Courtenay in open meeting assembled enacts as follows:

1. This bylaw may be cited for all purposes as “**Zoning Amendment Bylaw No. 2935, 2018**”.
2. That “Zoning Bylaw No. 2500, 2007” be hereby amended as follows:
 - (a) by inserting the following definitions to Division 3 Interpretation – Part 1 Definitions in alphabetical order:

"cannabis" has the same meaning as in the *Cannabis Act* (Canada), subject to any prescribed modifications;

“storefront cannabis retailer” means a premises where *cannabis* is sold or otherwise provided to a person who attends at the premises.
 - (b) By deleting the definition of “medical marihuana production facility” from Division 3 Interpretation – Part 1 Definitions and replacing it with the following:

“Medical Marihuana Production Facility” means a building or part thereof used by a licensed producer, as defined in the *Access to Cannabis for Medical Purposes Regulations* (ACMPR) under the *Controlled Drugs and Substances Act*, and any subsequent regulations or Acts, to produce marihuana for medical use, including cultivation, drying, testing and research laboratory, storage, destroying, packaging and shipping and includes the sale of marihuana only to customers who are not present on the same premises.
 - (c) by deleting the definition of “retail store” from Division 3 Interpretation – Part 1 Definitions and replacing it with the following:

“retail store” means the business of selling goods or merchandise to the ultimate consumer for personal consumption or household use and not for resale purposes and includes convenience stores, video rental, household equipment rental, retail warehouses and flea markets which are wholly enclosed within a building but excludes the sale of liquor and liquor products and the sale of *cannabis*.
 - (d) By replacing section 6.17.1 (b)(i) with the following: “the operation of medical marihuana is contained wholly within licensed facilities permitted by the *Access to Cannabis for Medical Purposes Regulations* (ACMPR).

(e) By adding section 6.17.1 (c) as follows: “*storefront cannabis retailer* except as approved through rezoning.”

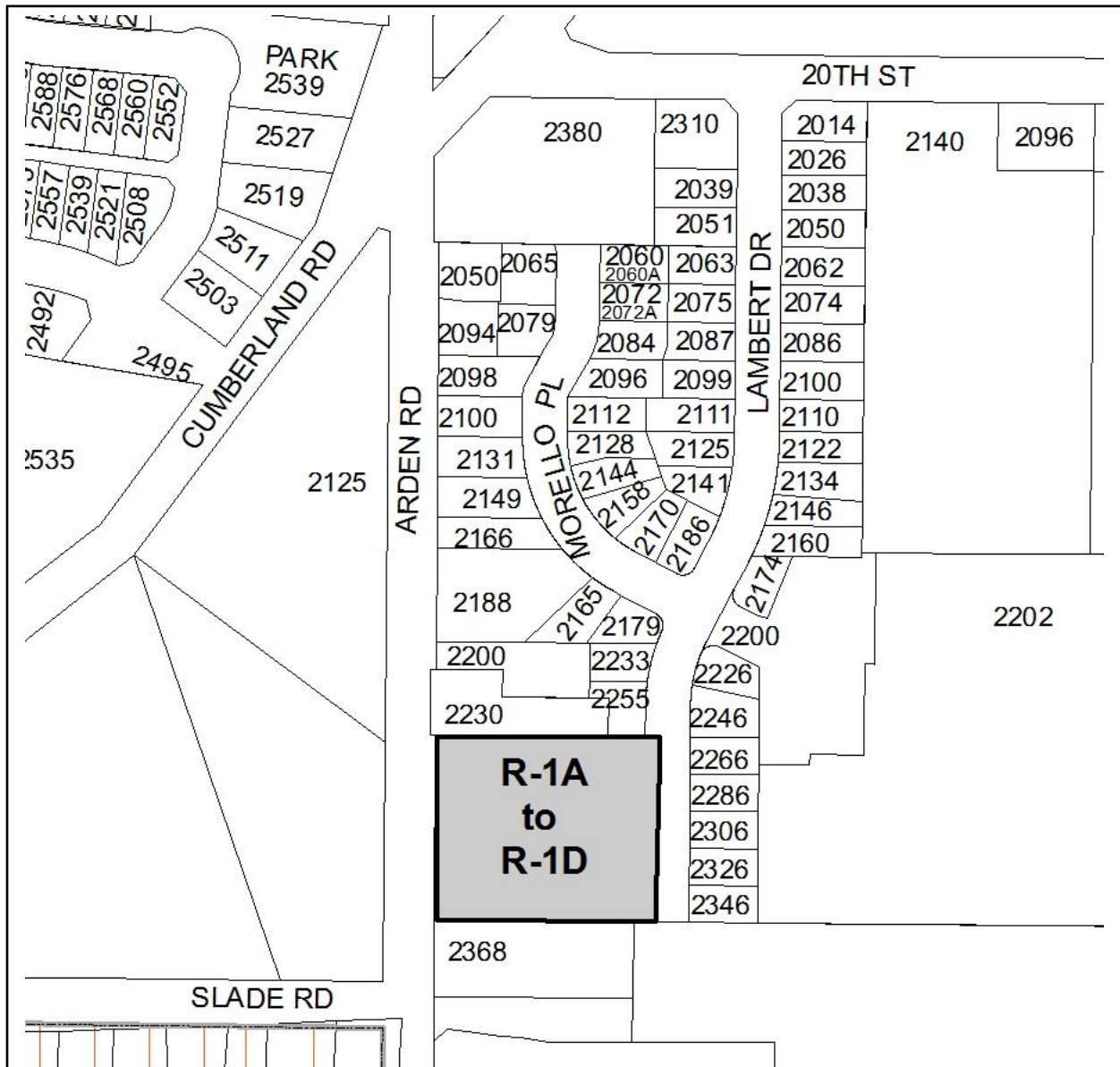
(f) By adding “*storefront cannabis retailer*” after “retail stores” and in the same category as “convenience stores, retail stores” to the table in Schedule 7A – Required Number of Off-Street Parking Spaces

3. This bylaw shall come into effect upon final adoption hereof.

Read a first time this	day of	, 2018
Read a second time this	day of	, 2018
Considered at a Public Hearing this	day of	, 2018
Read a third time this	day of	, 2018
Finally passed and adopted this	day of	, 2018

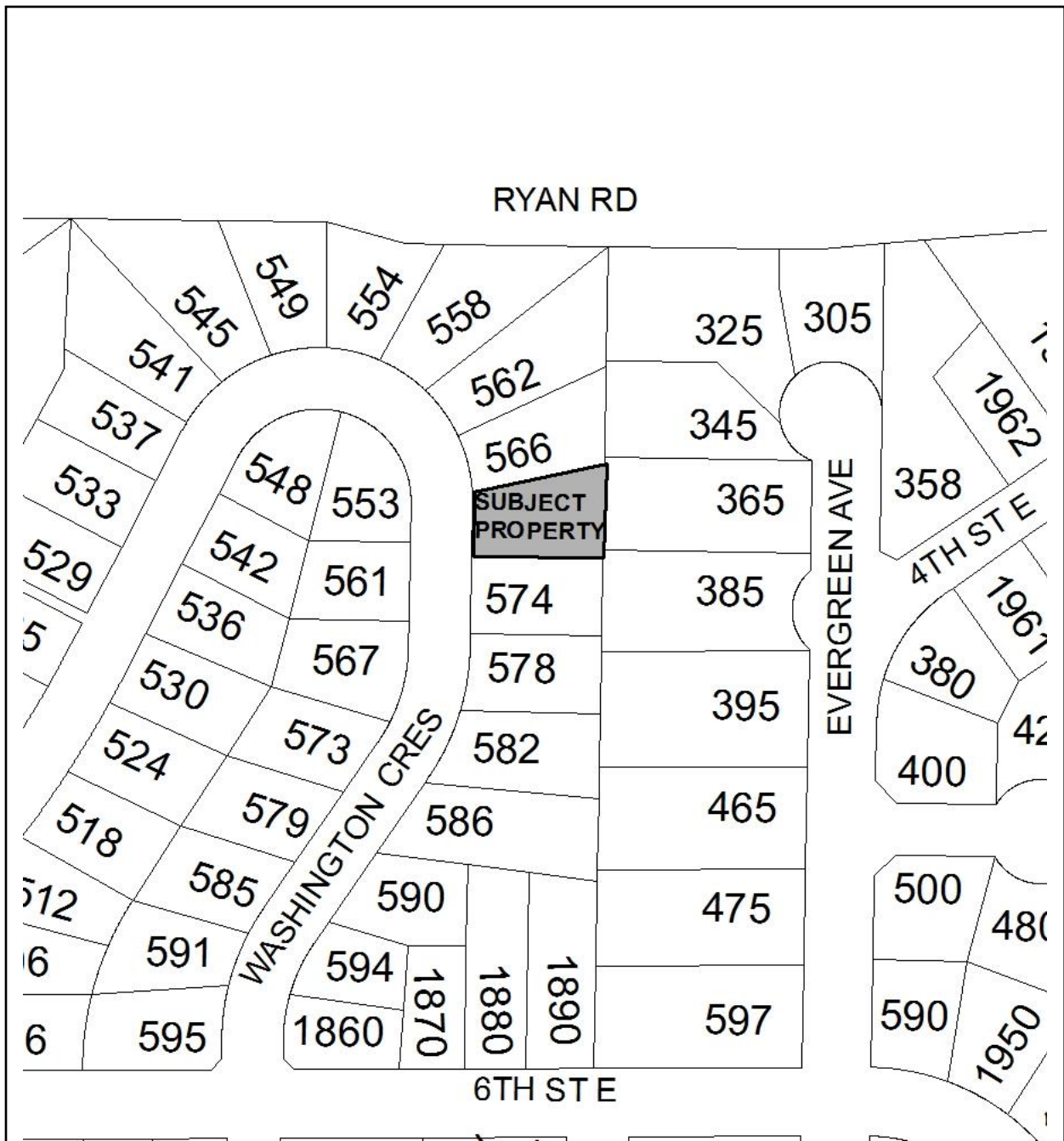
Mayor

Corporate Officer



**R-1A
to
R-1D**

THE CITY OF COURTENAY
Schedule "A"
 Part of Bylaw No. 2923, 2018
 Amendment to the
 Zoning Bylaw No. 2500, 2007



THE CITY OF COURTENAY
ATTACHMENT "A"
 Part of Bylaw No. 2928, 2018
 Amendment to the
 Zoning Bylaw No. 2500, 2007