

**REGIONAL DISTRICT OF NANAIMO
COMMITTEE OF THE WHOLE
AGENDA**

Tuesday, May 9, 2017

7:10 P.M.

RDN Board Chambers

This meeting will be recorded

Pages

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. ADOPTION OF MINUTES**
 - 3.1 Regular Committee of the Whole Meeting - April 11, 2017** 4

That the minutes of the Regular Committee of the Whole meeting held April 11, 2017, be adopted.
- 4. INVITED PRESENTATIONS**
 - 4.1 Corey Vanderhorst, MNP, re 2016 Financial Statements and Audit Findings Report**
- 5. DELEGATIONS**
 - 5.1 Guy Dauncey, Melissa McConville, and Cayle McConville, Yellow Point Community Forests group, re 60-acre parcel of forested, undeveloped land in Electoral Area 'A'** 11
 - 5.2 Monica Shore, Dr. Pam Shaw and Dr. David Witty, Mount Arrowsmith Biosphere Region & Vancouver Island University, Re Memorandum of Understanding between RDN & VIU for MABR Roundtable** 12
- 6. CORRESPONDENCE**
 - 6.1 Sheila Gurrie, City of Nanaimo, re Municipal Director Appointment to the Regional District of Nanaimo Board** 13
- 7. UNFINISHED BUSINESS**

8.	ADMINISTRATION	
8.1	Regional Services Review Update	14
	That the selection of the 2018 regional services to be reviewed occur at the Board’s fall 2017 Strategic Plan review session.	
9.	FINANCE	
9.1	2016 Financial Statements and Audit Findings Report	18
	1. That the audit findings report and the consolidated financial statements of the Regional District of Nanaimo for the year ended December 31, 2016 be received.	
	2. That the consolidated financial statements of the Regional District of Nanaimo for the year ended December 31, 2016 be approved as presented.	
9.2	2017 Gas Tax – Strategic Priorities Fund Grant Applications	65
	That the Board support the following projects for application by the RDN to the Gas Tax – Strategic Priorities Fund for the 2017 application intake:	
	1. Capital Stream: Nanoose Bay Water Service Pump Station - \$2 million	
	2. Capacity Building Stream: Asset Management Replacement Cost Study - \$150,000	
10.	RECREATION AND PARKS	
10.1	Tribal Journeys 2017	68
	That the Tribal Journeys 2017 report be received for information and RDN Board of Directors and staff be informed of any volunteer opportunities that may arise from the event.	
11.	REGIONAL AND COMMUNITY UTILITIES	
11.1	Renewal of Agreement for On-Call Electrical Maintenance and Repair for Wastewater Services	71
	That the Board renew an agreement for on-call electrical maintenance and repair to Shaw Electrical Services from June 1, 2017 to May 31, 2018, to a maximum expenditure of \$250,000.00. Electrical maintenance services are provided to the Southern Community, Northern Community, Nanoose and Duke Point Wastewater Service Areas.	

11.2 Biosolids Management Program Agreements

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1. That the Regional District of Nanaimo (RDN) enter into a four-year agreement with TimberWest Forest Company (TimberWest) to enable biosolids forest fertilization activities.

2. That the RDN enter into a four-year agreement with the Nanaimo Mountain Bike Club to coordinate shared land use.

3. That the RDN award SYLVIS Environmental Services (SYLVIS) a four month contract extension from June 1, 2017 to September 30, 2017 for \$162,000 to continue biosolids forest fertilization activities.

12. BUSINESS ARISING FROM DELEGATIONS

13. NEW BUSINESS

13.1 Directors' Roundtable

14. ADJOURNMENT

REGIONAL DISTRICT OF NANAIMO
MINUTES OF THE REGULAR COMMITTEE OF THE WHOLE MEETING

Tuesday, April 11, 2017
7:00 P.M.
RDN Board Chambers

In Attendance:	Director W. Veenhof	Chair
	Director I. Thorpe	Vice Chair
	Director A. McPherson	Electoral Area A
	Director H. Houle	Electoral Area B
	Director M. Young	Electoral Area C
	Director B. Rogers	Electoral Area E
	Director J. Fell	Electoral Area F
	Director J. Stanhope	Electoral Area G
	Director B. McKay	City of Nanaimo
	Director B. Bestwick	City of Nanaimo
	Director G. Fuller	City of Nanaimo
	Director J. Hong	City of Nanaimo
	Director J. Kipp	City of Nanaimo
	Director B. Yoachim	City of Nanaimo
	Director M. Lefebvre	City of Parksville
Director B. Colclough	District of Lantzville	
Director T. Westbroek	Town of Qualicum Beach	
Also in Attendance:	P. Carlyle	Chief Administrative Officer
	R. Alexander	Gen. Mgr. Regional & Community Utilities
	G. Garbutt	Gen. Mgr. Strategic & Community Development
	T. Osborne	Gen. Mgr. Recreation & Parks
	D. Trudeau	Gen. Mgr. Transportation & Emergency Planning Services
	J. Harrison	Director of Corporate Services
	T. Moore	A/Director of Finance
	J. Hill	Mgr. Administrative Services
C. Golding	Recording Secretary	

CALL TO ORDER

The Chair called the meeting to order and respectfully acknowledged the Coast Salish Nations on whose traditional territory the meeting took place.

The Chair welcomed Director Fuller to the meeting.

APPROVAL OF THE AGENDA

It was moved and seconded that the agenda be approved, as amended, to include late items as outlined in the Addendum.

CARRIED UNANIMOUSLY

ADOPTION OF MINUTES

Regular Committee of the Whole Meeting - March 14, 2017.

It was moved and seconded that the minutes of the Regular Committee of the Whole meeting held March 14, 2017 be adopted.

CARRIED UNANIMOUSLY

DELEGATIONS

Les Anderson, Sherry Durnford, Wilf Worland, Friends of Rails to Trails Vancouver Island, re Request of Support for Trail Proposal.

Les Anderson shared the vision of Friends of Rails to Trails Vancouver Island to convert the E&N Railbed to a non-motorized, multi-use recreational trail and asked for the Board's support for the initiative.

Barbara Smith, Silver Spur Riding Club, re Motion #12 to Ban Horses from the Coombs to Parksville Trail and Accompanying Staff Report.

Barbara Smith spoke in opposition to the recommendation to ban horses on the Coombs to Parksville Trail and asked the Board to consult with user groups to provide options and solutions that can accommodate all user groups.

CORRESPONDENCE

Clark Somerville, Federation of Canadian Municipalities, re FCM Legal Defense Fund.

It as moved and seconded that the correspondence from Clark Somerville, Federation of Canadian Municipalities, regarding the Federation of Canadian Municipalities' Legal Defense Fund be received.

CARRIED UNANIMOUSLY

Todd Stone, Minister of Transportation and Infrastructure, re Follow-up to Meetings at 2016 UBCM Convention.

It was moved and seconded that the correspondence from Todd Stone, Minister of Transportation and Infrastructure, regarding follow-up to meetings at the 2016 Union of BC Municipalities Convention be received.

CARRIED UNANIMOUSLY

Carol Cannon, Bowser Seniors Housing Society, re Lease of Crown Land Lots DL36, PT 1 & 2, PL 2076.

Chair Veenhof passed the Chair to Vice Chair Thorpe.

It was moved and seconded that the correspondence from Carol Cannon, Bowser Seniors Housing Society, regarding the Lease of Crown Land Lots DL36, PT 1 & 2, PL 2076 be received.

CARRIED UNANIMOUSLY

It was moved and seconded that staff be directed to prepare a letter to the Ministry of Forests, Lands and Natural Resource Operations requesting the revision of the Regional District of Nanaimo's Crown Lease No. 114348 to amend the boundaries of the lease area in order to allow the Bowser Seniors Housing Society to submit a Sponsored Crown Grant application for the northern portion of the site for the purposes of constructing a not-for-profit seniors housing complex.

CARRIED UNANIMOUSLY

It was moved and seconded that staff be directed to prepare a letter of support for the Bowser Seniors Housing Society's Sponsored Crown Grant application for the purposes of constructing a not-for-profit seniors housing complex.

CARRIED UNANIMOUSLY

Chair Veenhof assumed the Chair.

Correspondence re Delegation by Friends of Rails to Trails Vancouver Island.

It was moved and seconded that the correspondence regarding the proposal by Friends of Rails to Trails Vancouver Island to convert the E&N railway to trails be received.

CARRIED UNANIMOUSLY

COMMITTEE MINUTES AND RECOMMENDATIONS

Liquid Waste Management Planning Monitoring Committee.

Minutes of the Liquid Waste Management Plan Monitoring Committee – March 17, 2017.

It was moved and seconded that the minutes of the Liquid Waste Management Plan Monitoring Committee Meeting held March 17, 2017 be received for information.

CARRIED UNANIMOUSLY

Agricultural Advisory Committee.

Minutes of the Agricultural Advisory Committee Meeting – March 17, 2017.

It was moved and seconded that the minutes of the Agricultural Advisory Committee Meeting held March 17, 2017 be received for information.

CARRIED UNANIMOUSLY

Agricultural Advisory Committee Comments Provided to the Agricultural Land Commission.

It was moved and seconded that the following motion:

That staff be requested to send a letter to the Agricultural Land Commission to invite them to attend an Agricultural Advisory Committee meeting to discuss the value and impact that the Committee comments have on the Agricultural Land Commission decisions.

be referred to staff.

CARRIED UNANIMOUSLY

It was moved and seconded that Agricultural Advisory Committee members receive mileage reimbursement for site visits they are asked to attend.

CARRIED UNANIMOUSLY

FINANCE

Preliminary Operating Results for the Period ending December 31, 2016.

It was moved and seconded that the report on preliminary financial operating results as at December 31, 2016 be received for information.

CARRIED UNANIMOUSLY

CORPORATE SERVICES

2016 Census Impact on Number of Directors and Voting Strength.

It was moved and seconded that the Board delay consideration of the 2016 Census Impact on Number of Directors and Voting Strength Report until June so that member municipalities can have time to more closely examine the recommendations.

CARRIED UNANIMOUSLY

STRATEGIC AND COMMUNITY DEVELOPMENT

Mount Arrowsmith Biosphere – Memorandum of Understanding.

It was moved and seconded:

That the Board authorize the execution of a memorandum of understanding with Vancouver Island University for the purpose of establishing a foundation for regional cooperation in areas of mutual benefit that pertain to the Mount Arrowsmith Biosphere Region, and

That the Chair represent the Regional District of Nanaimo on the Mount Arrowsmith Biosphere Region Roundtable or appoint another Director to attend on his behalf.

It was moved and seconded that the Mount Arrowsmith Biosphere - Memorandum of Understanding report be referred back to staff.

Opposed (1): Director Houle

CARRIED

Qualicum First Nation/Regional District of Nanaimo Collaboration Protocol Update.

It was moved and seconded that the Regional District of Nanaimo submit a grant application to the Union of British Columbia Municipalities to support community-to-community activities with Qualicum First Nation.

CARRIED UNANIMOUSLY

2016 Regional Growth Strategy Annual Report.

It was moved and seconded that the Board receive the 2016 Regional Growth Strategy Annual Report.

CARRIED UNANIMOUSLY

RECREATION AND PARKS

Horses on the Coombs to Parksville Rail Trail.

It was moved and seconded that staff continue to pursue equestrian parking in relation to equestrian use of Highway 4A Crown Woodlot.

CARRIED UNANIMOUSLY

It was moved and seconded that the matter of finding suitable accommodation for equestrians on Regional Trails be referred to the Regional Parks and Trails Select Committee.

CARRIED UNANIMOUSLY

It was moved and seconded that horses be excluded temporarily from the Coombs to Parksville Trail for two months.

CARRIED UNANIMOUSLY

REGIONAL AND COMMUNITY UTILITIES

Restricting the Use of Throw-away Plastics in the Regional District of Nanaimo.

It was moved and seconded that the Board receive the report on Restricting the Use of Throw-away Plastics in the Regional District of Nanaimo for information.

CARRIED UNANIMOUSLY

Bylaw Nos. 1049.09 and 867.08 - Nanoose Bay Peninsula Water Service Area Expansion, Electoral Area 'E'.

It was moved and seconded that the Board give three readings to “Nanoose Bay Peninsula Water Service Area Amendment Bylaw No. 867.08, 2017”.

CARRIED UNANIMOUSLY

It was moved and seconded that the Board give three readings to “Nanoose Bay Bulk Water Supply Local Service Area Amendment Bylaw No. 1049.09, 2017”.

CARRIED UNANIMOUSLY

Northern and Southern Communities Wastewater Development Cost Charges.

It was moved and seconded that the Board give third reading to “Northern Community Sewer Service Area Development Cost Charges Amendment Bylaw No. 1442.03, 2016”.

CARRIED UNANIMOUSLY

It was moved and seconded that the Board give third reading to “Southern Community Sewer Service Area Development Cost Charges Amendment Bylaw No. 1547.01, 2016”.

CARRIED UNANIMOUSLY

It was moved and seconded that Bylaw Nos. 1442.03, 2016 and 1547.01, 2016 be forwarded to the Inspector of Municipalities for approval following third reading.

CARRIED UNANIMOUSLY

BUSINESS ARISING FROM DELEGATIONS

Friends of Rails to Trails Vancouver Island.

It was moved and seconded that the Board send a letter to the Island Corridor Foundation in support of converting the railway to trails from Parksville to Courtenay, and that a copy of the letter be sent to the Friends of Rails to Trails Vancouver Island.

Opposed (5): Director Houle, Director Fell, Director Stanhope, Director McKay, and Director Lefebvre

CARRIED

NEW BUSINESS

Electoral Area 'H' Community Works Funds.

Chair Veenhof passed the Chair to Vice Chair Thorpe.

It was moved and seconded that up to \$100,000 of Community Works Funds designated for Electoral Area 'H' be allocated to the design and implementation plan for the proposed Bowser Sewer Service.

CARRIED UNANIMOUSLY

Chair Veenhof assumed the Chair.

Directors' Roundtable.

Directors provided updates to the Board.

IN CAMERA

It was moved and seconded that pursuant to Sections 90 (1) (e) and (m) of the *Community Charter* the Committee proceed to an In Camera Meeting for discussions related to land acquisition and intergovernmental relations.

CARRIED UNANIMOUSLY

TIME: 9:21 PM

ADJOURNMENT

It was moved and seconded that this meeting be adjourned.

CARRIED UNANIMOUSLY

TIME: 9:30 PM

CHAIRPERSON

CORPORATE OFFICER

Delegation: Guy Dauncey, Melissa McConville, and Cayle McConville, Yellow Point Community Forests group, re 60-acre parcel of forested, undeveloped land in Electoral Area 'A'.

Summary: The future of the ecological corridor connecting Wildwood Forest to the Yellow Point Bog Ecological Reserve and the ocean is at risk, along with the aquifer it supports and the residential wells that depend on the aquifer.

The corridor faces an immediate choice of two very different futures: one in which a 60-acre undeveloped forested parcel that is critical to the ecological health of the corridor is logged for its fiber-value, and another in which the majority of the 60 acres is protected in perpetuity for its ecological value and for the public benefit.

Action Requested: We are residents of the Yellow Point area, and we wish to provide information to the RDN about the Yellow Point ecological park corridor, and the importance of a 60-acre parcel of forested, undeveloped land immediately west of Long Lake Road and Whiting Way in Electoral Area A that was recently purchased by a numbered company controlled by the owner of Coastland Wood Industries, with a view to logging the forest to extract its fiber value.

The forest is part of the rare and endangered Coastal Douglas Fir ecosystem, the most at-risk zone in BC, home to the highest number of species and ecosystems at risk in BC, and an acknowledged conservation concern.

It is also a critical component of our fractured bedrock Yellow Point aquifer, which feeds our local wells, and it contains the headwater catchment basin for the streams that flow through the Yellow Point Bog Ecological Reserve, Long Lake and Yellow Point Park through to the ocean at Blue Heron Park. As local residents, we are very concerned about the threat that logging the 60 acres poses to the connectivity of the Yellow Point ecological park corridor, ecologically, hydrologically, and to the potential for a future long-distance trail that would connect Yellow Point Park through to Wildwood Ecoforest.

A generous alternative offer made by a local resident to the Coastland numbered company to buy the property off them for more than was paid has been rejected. Funds for the alternative offer are in place, and the potential new owner's intentions are to maximize protection of the 60-acre forest, incorporating a large portion of it into what would become a permanently protected ecological park corridor.

We request:

- a) that the RDN consider encouraging the Coastland numbered company to accept the alternative offer, thereby protecting the endangered 60-acre Coastal Douglas Fir forest and the Yellow Point ecological corridor, and the aquifer it supports, and
- b) that in view of the fact that only two of the three known wetlands on the property are shown on RDN maps, that the RDN consider ground-truthing the site to ensure that appropriate measures are taken to protect all of its wetlands and their riparian zones.

Delegation: Monica Shore, Dr. Pam Shaw and Dr. David Witty, Mount Arrowsmith Biosphere Region & Vancouver Island University, RE Memorandum of Understanding between RDN & VIU for MABR Roundtable.

Summary: The presentation will provide an overview of the Mount Arrowsmith UNESCO Biosphere Region (MABR)'s organizational structure and Roundtable governance model. Presenters will describe how management of the MABR was initially structured when the MABR received official designation as a UNESCO biosphere reserve in 2000. It will then be described how, following a 2010 periodic review by the Canada Man and Biosphere (MAB) Committee, there was a period of transition that led to the complete restructuring of the MABR, including a new governance model, a new funding model, new staff, and the establishment of the Mount Arrowsmith Biosphere Region Research Institute (MABRRI) at Vancouver Island University. The goal of the presentation is to ensure that all Directors of the RDN Board understand how and why we now function the way we do, and to follow up on several months of communication about RDN Board representation at the MABR Roundtable. It is the delegation's hope that there will be one RDN Board member (either the Chair or someone appointed by the Chair) and one staff person (ideally Ms. Julie Pisani) appointed to the MABR Roundtable in time for the May 11 Roundtable meeting.

A copy of the proposed MOU is provided as background material. This MOU is identical to the MOU signed by the City of Parksville and the Town of Qualicum Beach.

A PowerPoint slideshow will accompany this presentation.

The delegation is asking for 10 minutes to present, rather than the standard 5, as there is much to clarify in a short amount of time, and we hope to be as thorough and informative as possible.

Action Requested: First, following an informative presentation, the delegation would like to answer questions from the RDN Board about the current structure and Roundtable of the Mount Arrowsmith UNESCO Biosphere Region (MABR), helping to clarify what has changed since the MABR's management shift in 2014.

Secondly, the Director of the MABR, Dr. David Witty (also Provost and Vice-President Academic of Vancouver Island University) would like to discuss the signing of a Memorandum of Understanding (MOU) about the co-management and co-stewardship of the MABR. The MOU would be signed by Dr. Witty on behalf of VIU and by Mr. Veenhof as Chair of the RDN Board. (MOU attached.)

Lastly, the delegation would like the Board to make a decision as to who shall represent the RDN at MABR Roundtable. It has been proposed that the Chair of the Board and Ms. Julie Pisani be appointed as representatives to the Roundtable. The MABR's Research Institute at VIU and the RDN's Drinking Water and Watershed Protection Program have partnered on a medium-term project and Ms. Pisani's contribution to the Roundtable has been helpful. The next Roundtable meeting takes place on Thursday, May 11th from 1pm to 3:30pm in Qualicum Beach.

April 26, 2017

Ms. Jacquie Hill, Corporate Officer
Regional District of Nanaimo
6300 Hammond Bay Rd
Nanaimo, BC V9T 6N2

Re: Municipal Director Appointment to the Regional District of Nanaimo Board

Pursuant to Section 200 of the *Local Government Act* which states that upon vacancy of a municipal director appointed by the City of Nanaimo, the alternate director appointed becomes the municipal director until a new director is appointed, Councillor Gord Fuller was appointed as the new permanent director at the 2017-APR-24 Council Meeting.

This is further to my letter of 2017-APR-12, where Councillor Fuller obtained the seat as primary alternate until another director was appointed.

There has been no motion related to the reassignment of voting; therefore, until such time as this is brought before Council, Councillor Fuller will obtain the voting weight of the prior director (W. Pratt).

I trust you find this in order. If you have any questions, please do not hesitate to contact me.

Regards,



S. Gurrie
Corporate Officer
City of Nanaimo

The motion has three parts and the following is an update on the progress of staff on addressing the actions required.

Regional Parks and Trails

On October 4, 2016, the Board considered a report outlining options for funding for the Regional Parks and Trails function and resolved:

That the Board maintain the parcel taxation at its current level and the use of Parcel Tax for the Regional Parks Acquisition and Development Fund be deferred to the Regional Services Review and budget discussions.

A recent review, similar to the review requested by the RDN Board, was completed of the Parks function in Metro Vancouver and is assistive of how the RDN's review could be structured. With the assistance of an external specialized consultant the RDN's review is anticipated to be completed in late 2017.

Municipal Input

RDN staff discussions on what regional services should be reviewed with staff of the City of Nanaimo, City of Parksville, Town of Qualicum Beach and the District of Lantzville. The Council of the District of Lantzville advised *"the District of Lantzville is not interested in undertaking any new services functions at this time."*

As directed by the Board, the following list of services and potential services formed the basis of the discussions:

1. Regional Parks and Trails
2. Oceanside Place
3. Ravensong Aquatic Centre
4. Economic Development (Southern Community)
5. Economic Development (Northern Community)
6. Water Services
7. Drinking Water/Watershed Protection
8. Liquid Waste Management
9. Solid Waste Management
10. Garbage & Recycling
11. Transportation
12. Transit
13. Emergency Planning
14. Fire Services
15. Long Range Planning
16. Building Inspection
17. Bylaw Services (Noise, Dog, Unsightly Premises, Business licencing, etc.)
18. Social Planning – not currently a RDN service
19. Qualicum Beach Airport – not currently a RDN service
20. Nanaimo Airport – not currently a RDN service
21. Tourism– not currently a RDN service

22. Filming – not currently a RDN service
23. Labour Relations– not currently a RDN service
24. Cultural Services – not currently a RDN service
25. Port Theatre; Event Centre– not currently a RDN service

While the meetings with the municipalities did not result in any significant concerns relating to the services provided by the RDN, there were some common themes that arose from the discussions.

1. Economic Development as a regional service (including filming and tourism); on March 28, 2017 the Board requested report *on “establishing a regional economic development function.”* A report will be presented in the fall of 2017 outlining options for this service.
2. Social Planning as a regional service
3. Business Licensing as a service

Reviews can be complex and costly exercises yet they are a good method to address concerns, develop new services or improve the service for those that participate in the function. Past service reviews by the RDN have looked carefully on the cost distribution to the participants premised on a user pay philosophy which has resulted in a number of subtle changes to funding formulas over the years.

Next Steps

In addition to progressing on the review of the Regional Parks and Trails service and continuing the discourse with the staff from the other municipalities, the recommended next step is to during the Directors’ annual review the Strategic Plan in the fall of 2017 to determine any additional items the Board wishes to examine in order that those items are incorporated into the 2018 work plan and budget. The number of items selected and the budget provided, will determine the timeframe for delivery of subsequent phases of the review

It should also be recognized that Fire Services in the district is requiring more and more RDN staff time as provincial regulations get stricter and more complex. As the Fire Services review indicated there is pressure on regional districts to take on a more active role in the management of this important service. Staff will be reviewing options that can be explored over the next year.

ALTERNATIVES

1. That the selection of the 2018 regional services to be reviewed occur at the Board’s fall 2017 Strategic Plan review session.
2. That the Board provide alternate direction to staff.

FINANCIAL IMPLICATIONS

The RDN’s 2017 budget contains \$100,000 for consulting fees for service review.

STRATEGIC PLAN IMPLICATIONS

Performing service reviews is well aligned with the Board's established Strategic Plan. Part of the intent, and expected outcome, of a service review is to ensure that existing services, service levels, and resourcing are all strongly linked to the established strategic priorities.



Dennis Trudeau

dtrudeau@rdn.bc.ca

April 28, 2017

Reviewed by:

- D. Trudeau, General Manager, Transit and Emergency Services
- P. Carlyle, Chief Administrative Officer

The consolidated financial statements (Attachment 2) present the financial position of the Regional District as a whole incorporating the operating, reserve and capital funds based on Public Sector Accounting Board standards for governments as legislated under the *Local Government Act*. The consolidated financial statements allow the Board, the management team, and the public to assess the overall results of all of our activities for the fiscal year ending December 31, 2016.

The approved financial statements will be incorporated into the Regional District's Annual Report and Statement of Financial Information to be presented to the Board in June.

ALTERNATIVES

1. Receive the audit findings report and 2016 consolidated financial statements and approve the 2016 consolidated financial statements of the Regional District of Nanaimo for final signatures.
2. Receive the audit findings report and provide alternate direction to staff.

FINANCIAL IMPLICATIONS

The annual audit fee of \$26,250 is included in the Finance Department's 2016 budget. The post-employment benefit calculation was performed by an independent actuary which cost \$8,000 for 2016. There are no additional costs at this time.

STRATEGIC PLAN IMPLICATIONS

The Public Sector Accounting Board Standards for financial reporting and auditing require Board approval of final consolidated financial statements prior to the signing of the audit report. Compliance with this requirement directly supports the Board governing principle to *Be Transparent and Accountable*, which demands transparency in financial reporting and that Directors are accountable to the public. Based on feedback from MNP LLP, who have formally acknowledged the excellent cooperation of staff through the audit process, it is evident that this Board value has trickled through the organization, influencing how staff conduct themselves in their work. In addition, the auditors conclude that the financial sustainability of the RDN is healthy and trending in a positive direction.



Manvir Manhas
mmanhas@rdn.bc.ca
April 20, 2017

Reviewed by:

- W. Idema, Director of Finance
- P. Carlyle, Chief Administrative Officer

Attachments:

1. 2016 RDN Audit Findings Report
2. 2016 RDN Consolidated Financial Statements

**Regional District Of Nanaimo
Report to the Board of Directors**

For the Year Ending December 31, 2016

For presentation at the Board of Directors meeting May 9, 2017

May 9, 2017

Members of the Board of Directors of Regional District Of Nanaimo

Dear Members of the Board of Directors:

We are pleased to submit to you this report for discussion of our audit of the consolidated financial statements of Regional District Of Nanaimo (the "Regional District") as at December 31, 2016 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Directors.

We have completed our audit of the consolidated financial statements of the Regional District which has been carried out in accordance with Canadian generally accepted auditing standards.

Our Independent Audit Report will provide an unqualified opinion to the Board of Directors of the Regional District. A draft copy of our proposed Independent Auditors' Report is attached at the end of this report.

This report is intended solely for the information and use of the Board of Directors and management and should not be distributed to or used by any other parties than these specified parties.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

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

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

Sincerely,

A handwritten signature in black ink that reads "MNP LLP". The letters are stylized and cursive.

MNP LLP
Chartered Professional Accountants

CAV/mb

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INTRODUCTION

As auditors, we report to the Board of Directors on the results of our examination of the consolidated financial statements of Regional District Of Nanaimo (the "Regional District") as at and for the year ended December 31, 2016. The purpose of this Audit Findings Report is to assist you, as members of the Board of Directors, in your review of the results of our audit. To facilitate in your understanding of our findings, Appendix A to this report summarizes our audit process.

Our report will discuss the status of our engagement, as well as communicate to you significant audit, accounting and reporting matters arising from our procedures. We hope that this report is of assistance to you, and we look forward to discussing our findings and answering your questions.

ENGAGEMENT STATUS

We have completed our audit of the consolidated financial statements of the Regional District and are prepared to sign our Independent Auditors' Report subsequent to completion of the following procedure:

- The Board of Directors's review and approval of the consolidated financial statements.

We expect to have the above procedure completed and to release our Audit Report on May 10, 2017. Our draft report, which will provide an unqualified opinion, is attached at the end of this report.

SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

CHANGES FROM AUDIT SERVICE PLAN

There were no deviations from the Audit Service Plan previously presented to you.

AREAS OF AUDIT EMPHASIS

The following lists the key areas of our audit emphasis for your Regional District:

- The reasonableness of the estimate of the liability for landfill closure and post-closure maintenance costs.

Detailed information on Areas of Audit Emphasis is included as Appendix B to this report.

FINAL MATERIALITY

Materiality is a concept used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. The scope of our audit work is tailored to reflect the relative size of operations of the Regional District, and is affected by our assessment of materiality and audit risk.

Final materiality used for our audit was \$2,000,000 for December 31, 2016.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

Our audit process focuses on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment allows us to concentrate our audit procedures on high risk areas and, where possible, place reliance on controls within the financial reporting system to reduce the extent of our testing.

It is important to note that our assessment was not, nor was it intended to be, sufficient to comment or conclude on the sufficiency of internal controls.

We are required under Canadian generally accepted auditing standards to communicate all significant deficiencies identified during an audit to the Board of Directors on a timely basis. However, we may not be aware of all significant deficiencies that do, in fact, exist.

While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention.

DIFFICULTIES ENCOUNTERED

No significant limitations were placed on the scope or timing of our audit.

IDENTIFIED OR SUSPECTED FRAUD

Due to the inherent limitations of an audit and the nature of fraud, including attempts at concealment through forgery or collusion, an audit conducted in accordance with Canadian generally accepted auditing standards cannot be relied upon to detect fraud.

While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.

IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS

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

MATTERS ARISING IN CONNECTION WITH RELATED PARTIES

No significant matters arose during the course of our audit in connection with related parties of the Regional District.

GOING CONCERN

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

We are of the opinion that the going concern assumption is appropriate in preparation of the consolidated financial statements.

AUDITORS' VIEWS OF SIGNIFICANT ACCOUNTING PRACTICES

The application of Canadian public sector accounting standards allows and requires the Regional District to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.

As auditors, we are uniquely positioned to provide open and objective feedback regarding your Regional District's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.

Accounting Policies

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

Accounting Estimates

Landfill liability

- The unfunded liabilities for landfill closure costs and post-closure monitoring costs represent a significant liability in the Regional District's financial statements. For 2016 the estimate for landfill closure costs was \$8,721,122 (2015 - \$8,495,688), and for post closure maintenance costs was \$4,470,400 (2015 - \$4,674,687) for a total landfill liability of \$13,191,522 (2015 - \$13,170,375). These costs are an estimate, based on factors such as landfill capacity, remaining unused capacity, projected future costs to close and to monitor the site, and an appropriate discount rate used to determine a present value of these future costs. It is important to note that the landfill remaining unused capacity amount used in the calculation is based on the impact of board-approved capital projects as at the reporting date. Projects not yet approved that may further increase capacity and useful life are not factored into the calculation.

During 2016, the Regional District changed its estimated amounts and timing of future post-closure monitoring costs from the old standard of \$575,000 per year for 25 years, to the new standard of 200 years with a declining annual cost (\$575,000 each for years 1-5, \$475,000 each for years 6-10, \$275,000 each for years 11-25, and \$100,000 each for years 26-200). This change is in response to new Provincial regulations.

Changes to the underlying assumptions and estimates or legislative changes in the new term could have a material impact on the provision recognized. We have concluded that the accounting related to the Landfill Closure and Post-Closure Liabilities was appropriate.

Employee future benefits

- Employee retirement benefits include payouts of accumulated, unused sick leave upon an employee's retirement. As at December 31, 2016, the estimated sick leave liability was \$1,777,474 (2015 - \$1,789,202). An expense and corresponding liability is recorded now for the estimate of the future costs of these payouts, related to current service by current employees. This liability is an estimate, based on factors such as number of current employees in various age groups, number of recent employees over age 40 who have been employed with the Regional District until retirement, and an appropriate discount rate used to determine a present value of these future costs. Changes to the underlying assumptions and estimates or union contract changes in the new term could have a material impact on the reserve recorded. The estimate also includes assumptions regarding retirement dates, hours worked and sick time. We have concluded that the accounting related to Employee Retirement Benefits was appropriate. This estimate is calculated by an actuary hired by the Regional District.

Parkland and other assets contributed to the Regional District

- Fair value measurement of in-kind additions to tangible capital assets – fair value estimated using BCAA assessed values for land. Total for 2016 was \$1,867,000 (2015 - \$322,000).

Allowance for doubtful accounts

- No provision deemed necessary.

Provision for legal contingencies

- No provision deemed necessary.

•Amortization period of tangible capital assets

- Amortized over the estimated useful life of the respective assets.

Financial Statement Disclosures

The disclosures made in the notes to the consolidated financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the consolidated financial statements.

MATTERS ARISING FROM DISCUSSIONS WITH MANAGEMENT

We would like to formally acknowledge the cooperation and assistance we received from the management and staff of the Regional District.

There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.

SIGNIFICANT DIFFERENCES

No significant differences were proposed to management with respect to the December 31, 2016 consolidated financial statements.

MODIFICATIONS TO THE INDEPENDENT AUDITORS' REPORT

As discussed earlier, our independent auditors' report will provide an unqualified opinion to the Board of Directors.

MANAGEMENT REPRESENTATIONS

We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit.

AUDITOR INDEPENDENCE

We confirm to the Board of Directors that we are independent of the Regional District. Our letter to the Board of Directors discussing our independence is included as part of the additional materials attached to this report.

APPENDIX A – MNP Audit Process

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the consolidated financial statements considered separately.

Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise. Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.

During the course of our audit, we have:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Obtained an understanding of the Regional District and its environment, including management's internal controls (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the consolidated financial statements and to design and perform audit procedures;
- Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
- Evaluated the overall consolidated financial statement presentation;
- Performed a subsequent events review with management;
- Reviewed and assessed the status of contingencies, commitments and guarantees;
- Reviewed and assessed exposure to environmental liabilities.

We have obtained written representations from management, included as additional materials following this report, in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:

- Directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements;
- Not directly related to items that are material to the consolidated financial statements, but are significant, either individually or in the aggregate, to the engagement; and
- Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements.

APPENDIX B – Areas of Audit Emphasis

The reasonableness of the estimate of the liability for landfill closure and post-closure maintenance costs:

We reviewed the data and assumptions for the calculation with management in the finance and solid waste departments. We noted that the liability is based on consultants' current data and management's best estimate of future costs. We did not note any errors in the calculation of this liability.

Independent Auditors' Report

To the Members of the Board of the Regional District of Nanaimo:

We have audited the accompanying consolidated financial statements of the Regional District of Nanaimo, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows and related schedules on pages 25 and 27 to 34 for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Regional District of Nanaimo as at December 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

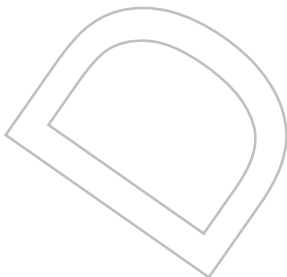
Other Matter

The supplementary information on pages 26 and 35 to 50 have been presented for purposes of additional analysis and are unaudited. We do not express an opinion on these schedules because our examination did not extend to the detailed information therein.

Nanaimo, British Columbia

May 9, 2017

Chartered Professional Accountants



Independence Communication

May 9, 2017

The Board of Directors
Regional District Of Nanaimo
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Dear Members of the Board of Directors:

We have been engaged to audit the consolidated financial statements of Regional District Of Nanaimo ("the Regional District") as at December 31, 2016 and for the year then ended.

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

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

We are not aware of any relationship between the Regional District and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2016 to May 9, 2017.

We hereby confirm that MNP is independent with respect to the Regional District within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia as of May 9, 2017.

This report is intended solely for the use of the Board of Directors, management and others within the Regional District and should not be used for any other purposes.

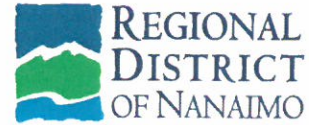
We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,



MNP LLP
Chartered Professional Accountants

CAV/mb



Management's Responsibility

To the Members of the Board of the Regional District of Nanaimo:

This statement is provided to clarify and outline the roles and responsibilities of the management team, the elected Board of Directors and the independent auditors in relation to the preparation and review of the Regional District of Nanaimo's annual financial results.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Regional Board of Directors is composed entirely of Directors who are neither management nor employees of the Regional District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for delegating the authority for approval of the consolidated financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Board is also responsible for recommending the appointment of the Regional District's external auditors. The external auditors have full and free access to, the Board and management to discuss their audit findings.

MNP LLP, an independent firm of Chartered Professional Accountants, has been appointed by the Regional Board of Directors to audit the consolidated financial statements and report to them; their report follows.

April 20, 2017

A handwritten signature in black ink, appearing to read "S. D. ...", is written over a horizontal line.

Director of Finance

**REGIONAL DISTRICT OF NANAIMO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

		<u>2016</u>	<u>2015</u>
Financial Assets			
Cash and short-term deposits	(Note 2)	\$ 65,426,660	\$ 64,587,923
Accounts receivable	(Note 3)	\$ 6,145,802	5,055,066
Investments	(Note 4)	\$ 31,559,740	26,133,266
Other jurisdictions debt receivable	(Note 12)	\$ 64,943,861	69,103,355
Other assets	(Note 5)	\$ 94,229	23,139
		<u>\$ 168,170,292</u>	<u>164,902,749</u>
Financial Liabilities			
Short-term loans	(Note 6)	\$ 371,107	293,141
Accounts payable	(Note 7)	\$ 6,294,470	6,030,009
Other liabilities	(Note 8)	\$ 4,529,854	4,422,319
Unfunded liabilities	(Note 9)	\$ 12,797,451	12,566,913
Deferred revenue	(Note 10)	\$ 22,453,326	20,376,391
Obligation under capital lease	(Note 13)	\$ -	211,227
Long-term debt	(Note 11)	\$ 84,448,850	83,587,908
		<u>\$ 130,895,058</u>	<u>127,487,908</u>
Net Financial Assets		<u>\$ 37,275,234</u>	<u>37,414,841</u>
Non-financial Assets			
Tangible capital assets	(Note 14)	\$ 198,227,258	178,169,261
Prepaid expenses		\$ 1,414,768	861,430
Inventories		\$ 43,399	40,767
		<u>\$ 199,685,425</u>	<u>179,071,458</u>
Accumulated Surplus	(Note 15)	<u>\$ 236,960,659</u>	<u>\$ 216,486,299</u>

APPROVED:



W. Idema, CPA, CGA
Director of Finance

See notes to consolidated financial statements

REGIONAL DISTRICT OF NANAIMO
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u> (Note 18)	<u>2016</u>	<u>2015</u>
Revenue			
Property taxes	\$ 45,498,183	\$ 45,498,181	\$ 43,103,564
Operating revenues	21,444,852	22,975,645	21,339,433
Grant revenues	13,147,353	15,735,117	6,740,947
Developer contributions	4,039,254	3,162,137	2,330,833
Other	949,491	918,080	1,117,461
Interest on investments	150,000	924,812	1,140,991
Grants in lieu of taxes	149,645	319,413	309,109
MFA debt surplus refunds	-	5,118	163,026
	<u>85,378,778</u>	<u>89,538,503</u>	<u>76,245,364</u>
Expenses			
General Government	2,186,677	2,734,694	1,693,015
Strategic & Community Development	3,933,221	3,481,604	3,299,141
Wastewater & Solid Waste management	20,111,980	22,796,558	23,096,142
Water, Sewer & Street lighting	4,755,550	5,484,414	5,551,953
Public Transportation	20,017,671	19,218,611	18,696,991
Protective Services	4,324,611	4,708,898	4,494,052
Parks, Recreation & Culture	10,734,273	10,639,364	10,424,014
	<u>66,063,983</u>	<u>69,064,143</u>	<u>67,255,308</u>
Surplus for the year	\$ 19,314,795	\$ 20,474,360	\$ 8,990,056
Accumulated surplus, Beginning of the year	216,486,299	216,486,299	207,496,243
Accumulated surplus, End of the year (Note 15)	\$ 235,801,094	\$ 236,960,659	\$ 216,486,299

See notes to consolidated financial statements

**REGIONAL DISTRICT OF NANAIMO
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u> (Note 18)	<u>2016</u>	<u>2015</u>
Surplus for the year	\$ 19,314,795	\$ 20,474,360	\$ 8,990,056
Acquisition of tangible capital assets	(44,814,373)	(27,275,629)	(8,623,513)
Amortization of tangible capital assets	-	6,846,859	6,745,606
Proceeds on disposal of tangible capital assets	-	413,977	13,109
Loss (Gain) on disposal of tangible capital assets	-	(43,204)	209,723
Change in prepaid expenses	-	(553,338)	(436,428)
Change in inventories	-	(2,632)	(1,634)
Increase (decrease) in Net Financial Assets	(25,499,578)	(139,607)	6,896,919
Net Financial Assets, Beginning of the year	37,414,841	37,414,841	30,517,922
Net Financial Assets, End of the year (Pg. 3)	<u>\$ 11,915,263</u>	<u>\$ 37,275,234</u>	<u>\$ 37,414,841</u>

See notes to consolidated financial statements

**REGIONAL DISTRICT OF NANAIMO
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Operating Transactions		
Surplus for the year	\$ 20,474,360	\$ 8,990,056
Non-cash items included in surplus		
Amortization of tangible capital assets	6,846,859	6,745,606
Contributed tangible capital assets	(1,867,000)	(322,000)
Loss (Gain) on disposal of tangible capital assets	(43,204)	209,723
Debt actuarial adjustments	(310,997)	(464,576)
Change in non-cash working capital balances related to operations		
(Increase) Decrease in accounts receivable	(1,090,735)	1,043,686
(Increase) Decrease in other assets	(71,090)	2,125
Increase in accounts payable	264,462	3,234,927
Increase in deferred revenues	2,076,935	651,985
Increase (Decrease) in other liabilities	107,535	(693,668)
Increase in prepaid expenses	(553,338)	(436,428)
Increase in inventory	(2,632)	(1,634)
Increase in unfunded liabilities	230,538	568,647
	26,061,693	19,528,449
Cash provided by operating transactions		
Capital Transactions		
Acquisition of tangible capital assets	(25,408,629)	(8,301,513)
Proceeds on disposal of tangible capital assets	413,977	13,109
	(24,994,652)	(8,288,404)
Cash used in capital transactions		
Investment Transactions		
Cash provided by (used in) investment transactions	(5,426,474)	(6,109,844)
Financing Transactions		
Short and long term debt issued	6,309,389	544,650
Decrease in capital lease obligation	(211,229)	(471,450)
Repayment of short and long-term debt	(899,990)	(931,397)
	5,198,170	(858,197)
Cash used in financing transactions		
Net change in cash and short-term deposits	838,737	4,272,004
Cash and short-term deposits, Beginning of the year	64,587,923	60,315,919
Cash and short-term deposits, End of the year (Pg. 3)	(Note 2) \$ 65,426,660	\$ 64,587,923

See notes to consolidated financial statements

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

The Regional District was incorporated in 1967 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of district wide local government services to the residents of seven electoral areas and four municipalities within its boundaries. These services include general government administration, bylaw enforcement, planning and development services, building inspection, fire protection and emergency response planning, public transportation, parks and recreation, water supply and sewage collection, wastewater disposal, solid waste collection and disposal, and street lighting.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The Regional District follows Canadian public sector accounting standards issued by the Public Sector Accounting Board (PSAB) of CPA Canada.

Consolidated financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB). The consolidated financial statements include the activities related to all funds belonging to the one economic entity of the Regional District. In accordance with those standards inter-departmental and inter-fund transactions have been removed to ensure financial activities are recorded on a gross basis. The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements include the Regional District of Nanaimo's proportionate share of the Arrowsmith Water Service (a joint venture agreement with the City of Parksville and Town of Qualicum Beach) and the Englishman River Water Service (a joint venture agreement with the City of Parksville). The Regional District's share of the joint ventures is accounted for on a proportionate basis as follows:

Arrowsmith Water Service	22.4%
Englishman River Water Service	26.0%

Any inter-entity transactions are eliminated on consolidation.

(b) Short-term deposits

Short-term deposits are carried at the lower of cost and market value.

(c) Long-term investments

Long-term investments are carried at cost less any amortized premium. It is the intention of the Regional District to hold these instruments to maturity. Any premium has been amortized on a straight-line basis using the earlier of the date of maturity or call date.

(d) Non-Financial Assets

i. Tangible capital assets

Tangible capital assets are physical assets that are to be used on a continuing basis, are not for sale in the ordinary course of operations and have useful economic lives extending beyond a single year. Section 3150 of Public Sector Accounting Handbook requires governments to record and amortize the assets over their estimated useful lives. Tangible capital assets are reported at historical cost and include assets financed through operating budgets, short-term and long-term debt, and leases. Tangible capital assets when acquired are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Tangible capital asset cost less any estimated residual value, is amortized on a straight-line basis over estimated useful lives as follows:

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset Category	Useful Life Range (years)
Land	n/a
Land Improvements	15 - 50
Building	20 - 50
Equipment, Furniture & Vehicles	5 - 20
Engineering Structures	
Water	25 - 75
Sewer	45 - 75
Wastewater	30 - 75
Solid Waste	20 - 50
Transportation	20 - 50

In the year of acquisition and in the year of disposal, amortization is recorded as half of the annual expense for that year. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of tangible capital assets

Tangible capital assets received as contributions (examples are parklands as a result of subdivision, donated land and infrastructure built by property developers which is transferred to the Regional District) are recorded as assets and revenues at their fair value at the date of receipt.

iii. Leases

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

iv. Inventories

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

(e) Debt servicing cost

Interest is recorded on an accrual basis.

(f) Financial Instruments

Financial instruments consist of cash and short-term deposits, accounts receivable, investments, other jurisdictions debt receivable, short-term loans, accounts payable, other liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, currency or credit risk arising from these financial instruments.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue recognition

Revenues are recorded on an accrual basis and are recognized in the period in which they are earned.

Property tax revenues and grants in lieu are recognized as revenue when levied. Operating revenues such as user fees, tipping fees, garbage, and recycling collection fees are recognized when charged to the customer, when amounts are measurable and when collectability is reasonably assured. Interest on investments is recorded when earned on an accrual basis. Developer contributions are recorded as deferred revenues when received and recognized as revenue in the year in which the associated expenditures are incurred. Donations of tangible assets are recognized as revenue on the date of receipt. Other revenues are recognized as revenue when amounts can be reasonably estimated and collectability is reasonably assured.

The Regional District recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Regional District recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

(h) Expense recognition

Operating expenses are recorded on an accrual basis.

Estimates of employee future benefits are recorded as expenses in the year they are earned. Landfill closure and post closure costs are recognized as costs as landfill capacity is used.

(i) Contingent liabilities

Contingent liabilities are recognized in accordance with PS 3300, which requires that an estimate be recorded when it is likely that a future event will confirm that a liability has been incurred by the financial statement date and that the amount can be reasonably estimated.

(j) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the determination of employee retirement benefits, landfill closure and post closure liabilities, likelihood of collection of accounts receivable, useful lives of tangible capital assets and provisions for contingencies. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Regional District is responsible for. Actual results may vary from those estimates and adjustments will be reported in operations as they become known. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provisions recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Regional District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2016.

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

(l) Recent accounting pronouncements

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the basis for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on restructuring transactions. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

2. CASH AND SHORT-TERM DEPOSITS

In 2016, all cash and short-term deposits were held by the General Revenue Fund including \$37,343,820 held by the Municipal Finance Authority. Interest income has been allocated to restricted receipt accounts (development cost charges), reserve accounts/funds and unexpended loan proceeds for capital projects based on the relative equity.

3. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Province of British Columbia	\$ 10,917	\$ 24,972
Government of Canada	480,916	510,581
Regional and local governments	299,688	578,831
Gas Tax Revenue Transfer program	1,966,894	603,977
BC Transit Annual Operating Agreement	1,049,568	951,827
Accrued investment interest	92,658	223,839
Solid Waste commercial accounts	559,942	627,116
Utility services customers	431,533	401,399
Developer DCC instalments	183,967	328,010
Other trade receivables	<u>1,069,719</u>	<u>804,514</u>
	<u>\$ 6,145,802</u>	<u>\$ 5,055,066</u>

4. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Investments at cost less amortized premium	<u>\$ 31,559,740</u>	<u>\$ 26,133,266</u>

As at December 31, 2016, the following investments were held by the Regional District:

	Investment	Amortized Purchase Price	Accrued Interest	Total Book Value	Market Value at December 31, 2016
TD	0.8% deposit note	\$191,558	-	\$191,558	\$191,558
BNS	1.53% deposit note	\$5,000,000	\$5,240	\$5,005,240	\$5,005,240
TD	1.21% deposit note	\$5,000,000	\$4,475	\$5,004,475	\$5,000,000
CCCU	1.65% deposit note	\$3,049,533	\$12,098	\$3,061,631	\$3,049,533
CCAP	1.60% deposit note	\$3,000,000	\$13,414	\$3,013,414	\$3,000,000
VANC	1.20% deposit note	\$3,000,000	\$10,257	\$3,010,257	\$3,000,000
CCAP	1.50% deposit note	\$2,966,649	\$3,048	\$2,969,697	\$2,966,649
BMO	1.50% extendible note	\$2,802,000	\$7,370	\$2,809,370	\$2,802,213
VANC	1.30% deposit note	\$2,500,000	\$2,226	\$2,502,226	\$2,500,000
BMO	1.50% extendible note	\$2,050,000	\$5,981	\$2,055,981	\$2,027,806
BMO	2.00% extendible note	\$2,000,000	\$1,644	\$2,001,644	\$2,008,434
		<u>\$ 31,559,740</u>	<u>\$ 65,753</u>	<u>\$ 31,625,493</u>	<u>\$ 31,551,433</u>

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

5. OTHER ASSETS

	<u>2016</u>	<u>2015</u>
Security deposits for building or development permit applications	\$ 94,229	\$ 23,139

6. SHORT-TERM LOANS

During 2016, the Regional District entered into two additional short-term loan agreements totalling \$202,190 with the Municipal Finance Authority. In 2016, principal payments of \$124,223 were made. The maturity dates of the loans range between 1 to 5 years. The interest rates for these loans are variable, which at December 31 was 1.44%.

	<u>2016</u>	<u>2015</u>
Compactor	\$ 168,917	\$ 293,141
Land - Community Parks EA B	188,000	-
Trailer and Kubota	14,190	-
	<u>\$ 371,107</u>	<u>\$ 293,141</u>

Short-term loan payments for the next five years are:

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL</u>
\$168,790	\$48,314	\$3,603	-	\$150,400	<u>\$371,107</u>

7. ACCOUNTS PAYABLE

	<u>2016</u>	<u>2015</u>
Payable to Federal Government	\$ 184,852	\$ 179,392
Payable to Provincial Government	649,643	599,718
Payable to other local governments	344,667	333,231
Trade and other payables	5,115,308	4,917,668
	<u>\$ 6,294,470</u>	<u>\$ 6,030,009</u>

8. OTHER LIABILITIES

	<u>2016</u>	<u>2015</u>
Wages and benefits payable	\$ 1,415,977	\$ 1,221,031
Retirement benefits payable - see note 9(a) i	2,429,167	2,673,985
Other benefits payable	281,437	153,288
Permit deposits	403,273	374,015
	<u>\$ 4,529,854</u>	<u>\$ 4,422,319</u>

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

9. UNFUNDED LIABILITIES

Unfunded liabilities represent the estimated amount of cumulative future expenditures required to meet obligations which result from current operations. These liabilities are related to contractual employment obligations and landfill operations which are governed by Provincial statute. Special reserves which have been set aside to meet those obligations are described below.

(a) Employee Benefits

- i. Retirement Benefits - The Regional District provides vested sick leave benefits to its employees who retire where they can qualify for a one time payout of up to 60 days of their accumulated unused sick leave. The amount recorded for these benefits is based on an actuarial evaluation done by an independent firm using a projected benefit actuarial valuation method prorated on service. The actuarial valuation was calculated at December 31, 2016.

The accrued post-employment benefits are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 1,789,202	\$ 1,733,207
Current service costs	146,529	143,052
Benefits paid	(181,278)	(109,663)
Interest cost	50,889	47,549
Amortization of Net Actuarial Loss/ (Gain)	(27,868)	(24,943)
Balance, end of year	<u>\$ 1,777,474</u>	<u>\$ 1,789,202</u>

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

	<u>2016</u>	<u>2015</u>
Discount Rate	3.30%	3.10%
Expected Inflation Rate and Wage & Salary Increases	2.50%	2.50%

	<u>2016</u>	<u>2015</u>
Balance reported in Note 8		
Retirement benefits payable	\$ 2,429,167	\$ 2,673,985
Consolidation adjustment for actuarial valuation	(651,693)	(884,783)
Accrued benefit balance, end of year	<u>\$ 1,777,474</u>	<u>\$ 1,789,202</u>

- ii. Other – Includes vacation pay adjustments and statutory and other benefits provided for in the collective agreement and which are paid in the normal course of business in the following year. The vacation pay liability at December 31, 2016 is \$112,303 (2015, \$165,877). The statutory benefits liability at December 31, 2016 is \$145,318 (2015, \$115,444).

(b) Landfill Closure and Post Closure Maintenance Costs

In accordance with PS 3270, liabilities with respect to permanently closing and monitoring a landfill are incurred as landfill capacity is used. Landfill Closure costs include placing a permanent cover over the face of the landfill. Post Closure Maintenance costs include landfill gas monitoring, leachate collection system operation and general site maintenance for a period of 200 years after the landfill is permanently closed.

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

9. UNFUNDED LIABILITIES (CONTINUED)

i. Landfill Closure costs - are estimated based on the open area of the remaining unused capacity of the landfill site. In 2009, a revised design and operations plan was approved for the landfill which provides additional airspace for future needs. This plan extended the estimated life of the landfill to 2030 which has since been updated to 2038 based on most recent usage data. The plan includes remediation and reuse of previously filled areas as well as extending perimeter berms for the development of new airspace.

At December 31, 2016, there were approximately 1,697,987 cubic meters of airspace available for waste and daily cover. Landfill Closure costs are estimated at \$8,721,122 (2015, \$8,495,688). As at December 31, 2016, \$1,494,261 (2015, \$1,472,802) has been set aside in reserves for this purpose. The balance of Landfill Closure costs are expected to be funded by a combination of future reserve account contributions, operating budgets and/or borrowing.

ii. Post Closure Maintenance costs – are costs estimated to manage the closed landfill for a statutory period of 200 years (increased from 25 years in 2015). Post Closure Maintenance costs are estimated using a number of factors including the percentage of landfill capacity already filled, the probable closure date, the regulated monitoring period, the estimated annual maintenance costs and a present value discount rate which is the difference between the long-term MFA borrowing rate and the 5 year average Consumer Price Index. The current estimate for annual Post Closure Maintenance costs are \$575,000 for year 1-5; \$475,000 for year 6-10; \$275,000 for year 11-25; and \$100,000 for year 26-200 (2015, \$575,000 per year for 25 years). Total Post Closure Maintenance costs are estimated to be \$4,470,400 (2015, \$4,674,687) based on 64% of the total landfill capacity being filled at this date, a 22 year lifespan to 2038, final closure in 2039, and a discount rate of 1.92%. Post Closure Maintenance costs are expected to be funded by annual budget appropriations in the years in which they are incurred.

<u>Unfunded Liability Balances</u>	<u>2016</u>	<u>2015</u>
Employee Retirement Benefits	\$ (651,693)	\$ (884,783)
Employee Other Benefits	257,622	281,321
Landfill Closure Costs	8,721,122	8,495,688
Post Closure Maintenance Costs	4,470,400	4,674,687
Unfunded Liability	<u>\$ 12,797,451</u>	<u>\$ 12,566,913</u>
Reserves On Hand	<u>\$ 1,494,261</u>	<u>\$ 1,472,802</u>

10. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Parkland Cash-in-Lieu receipts	\$ 1,716,243	\$ 1,691,619
Development Cost Charges	<u>12,070,854</u>	<u>10,837,478</u>
Subtotal (Pg. 34)	13,787,097	12,529,097
Gas Tax Revenue Transfer program – Community Works Fund	8,097,324	7,331,503
General Revenue Fund	568,905	515,791
	<u>\$ 22,453,326</u>	<u>\$ 20,376,391</u>

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

10. DEFERRED REVENUE (CONTINUED)

Parkland Cash-in-Lieu - are amounts collected from developers under the authority of Section 941 of the Local Government Act, where the Board has determined that cash rather than land for parkland purposes may be accepted as a condition of subdivision. These funds are held for the purpose of purchasing parkland.

Development Cost Charges - are amounts collected or payable as a result of new subdivision or building developments under the authority of Section 933 of the *Local Government Act*. The purpose of Section 933 is to collect funds for infrastructure which will be built as a result of population growth. Development Cost Charge bylaws have been enacted for the future expansion of wastewater treatment facilities and a bulk water system.

Community Works Fund - is a program component of the federal government's "New Building Canada Fund" which was established to transfer a portion of gas tax revenues to local governments to address infrastructure deficits. Additional information on the Regional District of Nanaimo's use of the Community Works Fund grants is included in the schedule on Pg. 35.

11. LONG-TERM DEBT

Debt is recorded and payable in Canadian dollars. It is the current policy of the Municipal Finance Authority to secure debt repayable only in Canadian dollars.

Details of long-term debt, including debt issue numbers, maturity dates, interest rates and outstanding amounts, are summarized in the Schedule of Long-Term Debt on pages 28 to 31.

	<u>2016</u>	<u>2015</u>
Long-term debt - Regional District services	\$ 19,504,989	\$ 14,484,553
Vancouver Island Regional Library	15,192,042	15,582,525
Member municipalities	49,751,819	53,520,830
Total Long-Term Debt	<u>\$ 84,448,850</u>	<u>\$ 83,587,908</u>

Payments of principal on issued debt of the Regional District, not including member municipalities, for the next five years are:

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>TOTAL</u>
\$1,353,550	\$1,353,655	\$1,311,203	\$1,307,167	\$1,307,280	<u>\$6,632,855</u>

12. OTHER JURISDICTIONS DEBT RECEIVABLE

Pursuant to the *Local Government Act*, the Regional District acts as the agency through which its member municipalities and other jurisdictions borrow funds from the Municipal Finance Authority. The annual cost of servicing this debt is recovered entirely from the borrowing jurisdiction. However, the Regional District is joint and severally liable for this debt in the event of default.

	<u>2016</u>	<u>2015</u>
Town of Qualicum Beach	\$ 4,166,428	\$ 4,629,364
City of Parksville	1,660,091	2,043,770
City of Nanaimo	43,925,300	46,847,696
Vancouver Island Regional Library	15,192,042	15,582,525
	<u>\$ 64,943,861</u>	<u>\$ 69,103,355</u>

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

13. OBLIGATION UNDER CAPITAL LEASE

There were no outstanding obligation balances for leased capital assets as at December 31, 2016 (2015, \$211,227). The 2016 capital lease principal payments totalled \$211,227 (2015, \$471,450).

All capital leases had been held by the MFA Leasing Corporation. While payments were fixed for the term of the lease, interest rates were variable daily based upon the Canadian prime rate minus 1.0%. An interest adjustment may be made at the time of the final payment. In 2016, interest expenditures related to lease liabilities were \$3,494 (2015, \$10,839).

14. TANGIBLE CAPITAL ASSETS

Net Book Value	<u>2016</u>	<u>2015</u>
Land	\$ 40,194,826	\$ 38,418,795
Land improvements	5,625,050	5,649,256
Buildings	32,623,629	31,446,591
Engineered structures	99,823,719	87,955,159
Equipment, furniture and vehicles	8,775,919	8,265,091
Assets under construction	11,184,115	6,434,369
	<u>\$ 198,227,258</u>	<u>\$ 178,169,261</u>
 Owned tangible capital assets	 \$ 198,227,258	 \$ 177,991,917
Leased assets	-	177,344
	<u>\$ 198,227,258</u>	<u>\$ 178,169,261</u>

In 2016, parkland dedications and a wharf on Gabriola Island valued at \$1,867,000 were accepted and recorded as contributed assets. During 2015, parkland dedications and land used as a site for a community water supply well valued at \$322,000 were accepted and recorded as contributed assets.

The Consolidated Schedule of Tangible Capital Assets (Pg. 27) provides details of acquisitions, disposals and amortization for the year.

15. ACCUMULATED SURPLUS

The financial operations of the Regional District are divided into three funds: capital fund, general revenue fund and reserve fund. For accounting purposes, each fund is treated as a separate entity.

General Revenue Fund – represents the accumulated operating surplus of the Regional District which has not otherwise been allocated by the Board as reserves for special purposes.

Capital Fund – represents amounts which have been expended by or returned to the General Revenue Fund or a Reserve Fund for the acquisition of tangible capital assets and includes related debt and refunds of debenture debt sinking fund surpluses.

Reserves - represents that portion of the accumulated operating surplus that has been set aside to fund future expenditures. It includes both statutory reserves created by bylaw under the authority of the *Local Government Act* and reserve accounts, which may be used by the Board without legislative restrictions.

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

15. ACCUMULATED SURPLUS (CONTINUED)

The Accumulated Surplus consists of individual fund surpluses (deficits) and reserves as follows:

	<u>2016</u>	<u>2015</u>
Surplus		
General Revenue Fund Net Operating Surplus (Note 16)	\$ 12,328,194	\$ 11,970,660
Net investment in Tangible capital assets (Note 17)	178,351,162	163,180,340
Capital Fund advances	(97,812)	(991,006)
Unfunded liabilities	<u>(12,797,451)</u>	<u>(12,566,913)</u>
	<u>177,784,093</u>	<u>161,593,081</u>
General Revenue Fund Reserve Accounts		
Landfill expansion	281,522	277,479
Landfill closure	1,494,261	1,472,802
Property insurance deductible-fire departments	31,240	31,429
Liability insurance deductible	151,675	149,497
Regional Sustainability Initiatives	22,275	75,298
Island Corridor Foundation	799,000	809,000
Dashwood Fire	7,516	-
San Pareil Boundary Amendment	10,000	-
Regional parks and trails donations	57,174	39,487
Vehicle fleet replacement (various departments)	<u>1,097,949</u>	<u>583,942</u>
	3,952,612	3,438,934
Statutory Reserve Funds (Pg. 33)	\$ 55,223,954	\$ 51,454,284
Total Reserves	\$ 59,176,566	\$ 54,893,218
Accumulated Surplus (Pg. 3)	<u>\$ 236,960,659</u>	<u>\$ 216,486,299</u>

16. CONSOLIDATION ADJUSTMENTS

The figures reported in the consolidated financial statements differ from the supporting schedules due to differences in grouping and presentation as well as the elimination of inter-fund and inter-departmental transactions. The Net Operating Surplus in the General Revenue Fund Schedule of Revenue and Expenditures has been adjusted as follows to conform to PSAB requirements:

	<u>2016</u>	<u>2015</u>
Net Operating Surplus (Pg. 36)	\$ 12,163,068	\$ 11,826,779
Add: Water User Fee Revenue year end accrual (billed May 2017)	165,126	143,881
Net Operating Surplus adjusted for statement presentation (Note 15)	<u>\$ 12,328,194</u>	<u>\$ 11,970,660</u>

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

17. NET INVESTMENT IN TANGIBLE CAPITAL ASSETS

Net investment in Tangible capital assets represents the historic cost of capital expenditures less debt obligations incurred to purchase and develop the infrastructure.

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Pg. 3)	\$ 198,227,258	\$ 178,169,261
Short-term loans (Pg. 3)	(371,107)	(293,141)
Obligation under capital lease (Pg. 3)	-	(211,227)
Long-term debt - Regional District only (Note 11)	(19,504,989)	(14,484,553)
Net investment in Tangible capital assets (Note 15)	<u>\$ 178,351,162</u>	<u>\$ 163,180,340</u>

18. BUDGET FIGURES

Budget figures represent the Financial Plan Bylaw adopted by the Board on March 22, 2016. The financial plan includes capital expenditures but does not include amortization expense. The financial plan forms the basis for taxation and fees and charges rates which may be required for a particular year. The following reconciliation of the budgeted "Surplus for the year" shown on Pg. 4 is provided to show which items must be added or removed to reflect to the budgeted financial plan values which are shown compared to actual expenditures on Pg. 36 (General Revenue Fund Schedule of Revenue and Expenditures).

		<u>2016 Budget</u>
Budgeted Surplus for the year (Pg. 4)	\$	19,314,795
Add:		
Transfers from reserves		16,030,923
Proceeds of borrowing		14,974,713
Prior year operating surplus		11,826,779
Less:		
Capital expenditures		(44,814,373)
Prior Year consolidation adjustments		(344,293)
Debt principal repayments/actuarial adjustments		
Budgeted principal payments	4,787,627	
Add: Actuarial Adjustments	310,997	
Less: Principal payments for member municipalities	<u>(3,185,994)</u>	(1,912,630)
Capital lease principal payments included in equipment operating expenditure		(88,059)
Transfer to reserves		<u>(8,456,997)</u>
Consolidated Budgeted Surplus, per Regional District of Nanaimo Financial Plan Bylaw No.1740 (Pg. 33)	\$	<u>6,530,858</u>

19. MUNICIPAL FINANCE AUTHORITY RESERVE DEPOSITS

The Regional District secures its long-term borrowing through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are retained by the Authority as a debt reserve fund. As at December 31, 2016, the Regional District had debt reserve funds of \$360,247 (2015, \$294,128).

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

20. NORTH ISLAND 9-1-1 CORPORATION

A 9-1-1 emergency call answering service is provided by the North Island 9-1-1 Corporation, which is owned by the Regional Districts of Comox Valley, Strathcona, Mount Waddington, Alberni Clayoquot, Nanaimo and Powell River. The shares in the corporation are owned as follows:

Alberni Clayoquot	3 shares
Comox Valley	6 shares
Strathcona	4 shares
Mount Waddington	1 share
Nanaimo	5 shares
Powell River	2 shares

The Regional District's investment in shares of the North Island 9-1-1 Corporation is recorded at cost as it does not fall under the definition of a government partnership (PS 3060.06). The Regional District's share of the corporation is equal to 23.8% and the degree of control is proportionate to the ownership share. As no benefits are expected from the ownership, it has not been accounted for as an equity investment.

21. PENSION LIABILITY

The Regional District of Nanaimo and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 324 contributors from the Regional District of Nanaimo.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2.224 billion funding surplus for basic pension benefits. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Regional District of Nanaimo paid \$1,947,226 (2015, \$2,051,074) for employer contributions to the Plan in fiscal 2016.

22. CONTINGENT LIABILITIES

Contingent liabilities are recognized by the Regional District in accordance with PS 3300.15. As at December 31, 2016, there were outstanding claims against the Regional District, however, no liability has been accrued because amounts are undeterminable and the likelihood of the Regional District having to make payment is uncertain.

23. ENVIRONMENTAL REGULATIONS

The Regional District is subject to environmental regulations which apply to a number of its operations. These regulations may require future expenditures to meet applicable standards and subject the Regional District to possible penalties for violations. Amounts required to meet these obligations will be charged to operations when incurred and/or when they can be reasonably estimated.

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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24. EXPENDITURES BY OBJECT

	<u>Budget</u>	<u>2016</u>	<u>2015</u>
Operating goods and services	\$ 34,380,544	\$ 31,956,377	\$ 30,566,062
Wages and benefits	30,665,186	29,012,116	28,219,036
Debt interest	1,018,253	1,018,253	1,155,957
Amortization expense	-	6,846,859	6,745,606
Unfunded expenditures (Note 9)	-	230,538	568,647
Total Expenditures by Object	<u>\$ 66,063,983</u>	<u>\$ 69,064,143</u>	<u>\$ 67,255,308</u>

25. ARROWSMITH WATER SERVICE AND ENGLISHMAN RIVER WATER SERVICE JOINT VENTURES

The Arrowsmith Water Service (AWS) was formed in 1996 as a joint venture between the Regional District of Nanaimo, the City of Parksville and the Town of Qualicum Beach. The AWS was established to develop a bulk water supply available to the participants in the service and to construct the Arrowsmith Dam as a first step in that development as well as to provide for protection of the fisheries habitat of the Englishman River.

The Englishman River Water Service (ERWS) is a joint venture between the City of Parksville and the Regional District of Nanaimo, formed to secure a bulk water supply from the Englishman River. This regional partnership supplements existing well supply sources owned and operated by the City of Parksville and Nanoose Bay Peninsula Water Service Area. The ERWS development plan includes a new river water supply intake, new water treatment plant and distribution system.

Financial results and budget for the joint ventures are consolidated in the Regional District of Nanaimo's financial statements proportionately based on the joint venture agreements: 22.4% of the Arrowsmith Water Service and 26% of the Englishman River Water Service.

The following table summarizes the financial statements of the two joint ventures.

	Arrowsmith Water Service <u>2016</u>	Englishman River Water Service <u>2016</u>
Non-financial assets (tangible capital assets)	\$ 6,457,416	\$ 6,083,174
Accumulated surplus	<u>6,457,416</u>	<u>6,083,174</u>
Revenues		
Joint venturer contributions	\$ 155,697	\$ 2,873,154
Capital grant	-	828,854
	<u>155,697</u>	<u>3,702,008</u>
Expenses		
Operating	137,227	9,714
Capital	-	828,854
Transfer of land to partners	-	1,233,797
	<u>\$ 137,227</u>	<u>\$ 2,072,365</u>
Annual surplus (deficit)	<u>\$ 18,470</u>	<u>\$ 1,629,643</u>

REGIONAL DISTRICT OF NANAIMO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

26. CONTAMINATED SITES

At the reporting date, only one site was identified as potentially contaminated due to past industrial use at this site and on the neighbouring property; these findings remain unchanged from the December 31, 2015 year end. For this site there is insufficient information to determine whether contamination exceeding the relevant environmental standard is likely to exist, or whether remediation is required. The future cost and responsibility for remediation of this site is not currently determinable.

27. COMPARATIVE FIGURES

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

28. SUBSEQUENT EVENT

Subsequent to the year end, the Regional District received a parkland dedication valued at \$1,837,000 in Electoral Area F.

REGIONAL DISTRICT OF NANAIMO
CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES BY SEGMENT
as at December 31, 2016

PS2700 requires that governments define and disclose additional information related to its activities, by segment. Regional Districts are required by the Local Government Act to charge or allocate all expenses directly or reasonably attributable to a service, to that service. The information in these financial statements conforms in all respects to the requirements of the Local Government Act.

For the purposes of PS2700 the segmented information above corresponds to the classification of expenses shown on the Consolidated Statement of Operations. The expense classifications on the Consolidated Statement of Operations represent the major activities provided by the Regional District of Nanaimo.

The following activities are included in the segments shown on Pg. 25:

General Government includes overall administration, legislative services including elections and feasibility studies. These services are paid for by multiple member jurisdictions of the Regional District and affect most taxpayers residing in the Regional District of Nanaimo. Schedule A on Pg. 38 of this report provides additional details with respect to revenues and expenditures for services falling under General Government.

Planning & Development includes community and regional land use planning, house numbering and building inspection. Planning & Development services are largely paid for by Electoral Areas of the Regional District of Nanaimo. Schedules B and B-1 on Pgs. 39-40 of this report provide additional details with respect to revenues and expenditures for each of these services.

Wastewater & Solid Waste includes sewage treatment plants and solid waste disposal activities, including programs for garbage collection and recycling. The Regional District operates two treatment plants in both the northern and southern portions of the Regional District. A solid waste landfill and transfer station are funded at a regional level, with garbage collection & recycling services provided in areas outside of the City of Nanaimo. Detailed revenue and expenditure information on wastewater treatment plants is found on Schedule C-1, Pg. 42 of this report. Detailed revenue and expenditure information on solid waste management is found on Schedule C, Pg. 41.

Water, Sewer & Street lighting includes neighbourhood water supply, sewage collection systems and street lights. Only taxpayers within these areas pay for the service. Detailed revenue and expenditure information on these services can be found on Schedules C-2, C-3 and C-4 (Pgs. 43-45) of this report.

Public Transportation includes conventional and HandyDart bus service. Public transit services are available to the City of Nanaimo, City of Parksville, Town of Qualicum Beach, Electoral Area G and portions of Electoral Areas A, E and C. Detailed revenue and expenditure information on transportation services is found on Schedule E, Pg. 48 of this report.

Protective Services includes volunteer and contract fire protection services, emergency planning, bylaw enforcement and the Regional District's participation in E911 services. Detailed revenue and expenditure information on protective services is found on Schedules E-1 and E-2, Pgs. 49-50 of this report.

Parks, Recreation & Culture includes operations and development of community and regional parks, provision of recreation programming, operation of a multiplex arena and aquatic centre and includes some services provided by agreement with municipalities within the Regional District of Nanaimo. Detailed revenue and expenditure information on parks, recreation & culture services is found on Schedules D and D-1, Pgs. 46-47 of this report.

REGIONAL DISTRICT OF NANAIMO
CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES BY SEGMENT
as at December 31, 2016

	General Government	Planning & Development	Wastewater & Solid Waste	Water, Sewer & Street lighting	Public Transportation	Protective Services	Parks, Recreation & Culture	2016 Total	2015 Total
Revenues									
Property taxes	\$ 1,631,088	\$ 2,177,613	\$ 11,946,073	\$ 4,429,388	\$ 9,693,968	\$ 4,918,301	\$ 10,701,750	\$ 45,498,181	\$ 43,103,564
Operating revenues	-	1,371,068	13,841,601	1,496,210	4,519,347	54,095	1,693,324	22,975,645	21,339,433
Grant revenues	536,459	191,645	6,306,355	249,634	5,619,280	(635)	2,832,379	15,735,117	6,740,947
Developer contributions	-	-	1,242,235	52,902	100,000	-	1,767,000	3,162,137	2,330,833
Other	247,985	3,273	41,615	169,963	265,190	43,875	151,297	923,198	1,280,487
Interest on investments	236,733	10,758	462,664	57,972	44,687	47,520	64,478	924,812	1,140,991
Grants in lieu	69,394	7,903	95,351	73	111,541	12,912	22,239	319,413	309,109
	<u>2,721,659</u>	<u>3,762,260</u>	<u>33,935,894</u>	<u>6,456,142</u>	<u>20,354,013</u>	<u>5,076,068</u>	<u>17,232,467</u>	<u>89,538,503</u>	<u>76,245,364</u>
Expenses									
Operating goods & services	(1,888,767)	1,502,697	13,214,035	2,774,725	7,844,005	3,670,127	4,839,555	31,956,377	30,566,062
Wages and benefits	4,059,482	1,957,213	5,647,054	1,530,178	11,036,728	385,624	4,395,837	29,012,116	28,219,036
Debt interest	-	-	91,396	300,843	-	167,777	458,237	1,018,253	1,155,957
Amortization expense	354,588	21,694	3,822,926	878,668	337,878	485,370	945,735	6,846,859	6,745,606
Unfunded expenses	209,391	-	21,147	-	-	-	-	230,538	568,647
	<u>2,734,694</u>	<u>3,481,604</u>	<u>22,796,558</u>	<u>5,484,414</u>	<u>19,218,611</u>	<u>4,708,898</u>	<u>10,639,364</u>	<u>69,064,143</u>	<u>67,255,308</u>
Surplus for the year	<u>\$ (13,035)</u>	<u>\$ 280,656</u>	<u>\$ 11,139,336</u>	<u>\$ 971,728</u>	<u>\$ 1,135,402</u>	<u>\$ 367,170</u>	<u>\$ 6,593,103</u>	<u>\$ 20,474,360</u>	<u>\$ 8,990,056</u>

REGIONAL DISTRICT OF NANAIMO
CONSOLIDATED SCHEDULE OF REVENUE AND EXPENSES BY SEGMENT
as at December 31, 2015

	General Government	Planning & Development	Wastewater & Solid Waste	Water, Sewer & Street lighting	Public Transportation	Protective Services	Parks, Recreation & Culture	2015 Total	2014 Total
Revenues									
Property taxes	\$ 1,869,125	\$ 2,102,806	\$ 10,936,188	\$ 4,170,414	\$ 9,140,632	\$ 4,667,817	\$ 10,216,582	\$ 43,103,564	\$ 40,355,182
Operating revenues	-	1,316,616	12,521,588	1,370,637	4,420,194	16,800	1,693,598	21,339,433	21,227,537
Grant revenues	192,827	24,195	504,335	8,356	5,566,235	-	444,999	6,740,947	9,110,177
Developer contributions	-	-	1,845,389	296,385	-	-	189,059	2,330,833	739,951
Other	205,267	3,884	133,465	159,394	192,381	91,584	494,512	1,280,487	831,593
Interest on investments	330,755	10,689	583,119	62,275	41,595	56,338	56,220	1,140,991	1,188,036
Grants in lieu	72,522	8,181	93,777	76	108,174	14,011	12,368	309,109	280,391
	<u>2,670,496</u>	<u>3,466,371</u>	<u>26,617,861</u>	<u>6,067,537</u>	<u>19,469,211</u>	<u>4,846,550</u>	<u>13,107,338</u>	<u>76,245,364</u>	<u>73,732,867</u>
Expenses									
Operating goods & services	(2,194,936)	1,259,474	13,048,860	2,894,593	7,525,907	3,445,282	4,586,882	30,566,062	29,426,565
Wages and benefits	3,841,826	2,015,514	5,508,991	1,486,202	10,801,311	363,074	4,202,118	28,219,036	27,148,660
Debt interest	-	-	639	304,187	-	167,174	683,957	1,155,957	1,211,746
Amortization expense	340,633	24,153	3,674,497	866,971	369,773	518,522	951,057	6,745,606	6,752,591
Unfunded expenses	(294,508)	-	863,155	-	-	-	-	568,647	2,453,159
	<u>1,693,015</u>	<u>3,299,141</u>	<u>23,096,142</u>	<u>5,551,953</u>	<u>18,696,991</u>	<u>4,494,052</u>	<u>10,424,014</u>	<u>67,255,308</u>	<u>66,992,721</u>
Surplus for the year	<u>\$ 977,481</u>	<u>\$ 167,230</u>	<u>\$ 3,521,719</u>	<u>\$ 515,584</u>	<u>\$ 772,220</u>	<u>\$ 352,498</u>	<u>\$ 2,683,324</u>	<u>\$ 8,990,056</u>	<u>\$ 6,740,146</u>

See notes to consolidated financial statements

**REGIONAL DISTRICT OF NANAIMO
LONG-TERM DEBT SUMMARY BY FUNCTION
DECEMBER 31, 2016**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
REGIONAL DISTRICT					
RAVENSONG AQUATIC CENTRE	895,635	611,532	313,224	-	\$ -
OCEANSIDE PLACE ARENA	4,659,501	4,314,003	3,954,686	3,580,996	3,192,358
REGIONAL PARKS	-	2,053,653	1,984,688	1,912,964	1,838,371
COMMUNITY PARKS	356,256	333,617	310,004	285,373	259,679
WASTEWATER MANAGEMENT					
- Northern Community (District 69)	255,536	-	-	-	-
- Southern Community (District 68)	-	-	-	-	5,000,000
FIRE PROTECTION	1,747,681	1,656,878	4,352,441	4,160,535	4,189,644
SEWER SERVICES	2,004,725	1,915,450	1,822,604	1,956,994	1,848,406
WATER SUPPLY SERVICES	2,272,174	2,030,455	2,891,369	2,587,690	3,176,528
VANCOUVER ISLAND REGIONAL LIBRARY	<u>7,857,359</u>	<u>16,319,013</u>	<u>15,957,989</u>	<u>15,582,525</u>	<u>15,192,042</u>
TOTAL REGIONAL DISTRICT	20,048,868	29,234,601	31,587,005	30,067,078	34,697,031
MEMBER MUNICIPALITIES	<u>34,948,088</u>	<u>45,903,812</u>	<u>52,213,097</u>	<u>53,520,830</u>	<u>49,751,819</u>
TOTAL LONG-TERM DEBT (Pg. 3)	<u><u>54,996,956</u></u>	<u><u>75,138,413</u></u>	<u><u>83,800,102</u></u>	<u><u>83,587,908</u></u>	<u><u>\$ 84,448,850</u></u>

See notes to consolidated financial statements

**REGIONAL DISTRICT OF NANAIMO
SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2016**

FUNCTION	ISSUER	FUNDS	BYLAW NUMBER	MATURITY DATE	INTEREST RATE	ORIGINAL VALUE	2016 DEBT O/S	2015 DEBT O/S
OCEANSIDE PLACE ARENA								
	MFA 97	CDN	1365	Apr 19,2023	4.830	6,470,646	3,192,358	3,580,996
TOTAL OCEANSIDE PLACE ARENA						<u>6,470,646</u>	<u>3,192,358</u>	<u>3,580,996</u>
REGIONAL PARKS								
	MFA 126	CDN	1629	Sep 26,2033	3.850	2,053,653	1,838,371	1,912,964
TOTAL REGIONAL PARKS						<u>2,053,653</u>	<u>1,838,371</u>	<u>1,912,964</u>
COMMUNITY PARKS ELECTORAL AREA B								
	MFA 78	CDN	1299	Dec 03, 2022	5.250	100,000	40,729	46,431
	MFA 79	CDN	1303	Jun 03, 2023	5.250	80,000	37,145	41,490
	MFA 81	CDN	1304	Apr 22, 2024	4.900	80,000	41,490	45,628
	MFA 93	CDN	1305	Apr 06, 2025	5.100	80,000	41,001	45,010
	MFA 97	CDN	1306	Apr 19, 2026	4.660	80,000	47,745	51,569
	MFA 101	CDN	1307	Apr 11, 2027	4.520	80,000	51,569	55,246
TOTAL COMMUNITY PARKS						<u>500,000</u>	<u>259,679</u>	<u>285,374</u>
FIRE PROTECTION SERVICES								
MEADOWOOD FIRE								
	MFA 110	CDN	1587	Apr 08, 2030	4.500	1,773,410	1,378,388	1,450,845
NANAIMO RIVER FIRE								
	MFA 99	CDN	1488	Apr 19,2027	4.430	20,761	12,390	13,383
NANOOSE BAY FIRE								
	MFA 130	CDN	1617	Oct 14, 2034	3.000	2,790,000	2,598,866	2,696,307
COOMBS-HILLIERS FIRE								
	MFA 139	CDN	1538	Oct 5, 2026	2.100	200,000	200,000	-
TOTAL FIRE PROTECTION SERVICES						<u>4,784,171</u>	<u>4,189,644</u>	<u>4,160,535</u>
SEWER SERVICES								
BARCLAY CRESCENT SEWER								
	MFA 102	CDN	1486	Dec 01, 2027	4.820	895,781	577,431	618,599
CEDAR SEWER								
	MFA 106	CDN	1571	Oct 13, 2029	4.130	926,180	680,521	719,876
	MFA 106	CDN	1572	Oct 13, 2029	4.130	27,200	19,986	21,141
	MFA 106	CDN	1573	Oct 13, 2029	4.130	108,800	79,942	84,565
	MFA 106	CDN	1574	Oct 13, 2029	4.130	61,200	44,967	47,568
	MFA 110	CDN	1584	Apr 08, 2030	4.500	232,286	180,545	190,036
	MFA 117	CDN	1626	Oct 12, 2031	3.250	51,620	42,231	44,259
						<u>1,407,286</u>	<u>1,048,192</u>	<u>1,107,445</u>
HAWTHORNE RISE SEWER								
	MFA 131	CDN	1696	Apr 8, 2035	2.200	173,300	167,172	173,300
REID ROAD SEWER								
	MFA 133	CDN	1709	Oct 2, 2035	2.750	57,650	55,611	57,650
TOTAL SEWER SERVICES						<u>\$ 2,534,017</u>	<u>\$ 1,848,406</u>	<u>\$ 1,956,994</u>

See notes to consolidated financial statements

**REGIONAL DISTRICT OF NANAIMO
SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2016**

FUNCTION	ISSUER	FUNDS	BYLAW NUMBER	MATURITY DATE	INTEREST RATE	ORIGINAL VALUE	2016 DEBT O/S	2015 DEBT O/S
WATER - SAN PAREIL								
	MFA 74	CDN	1221	Jun 01, 2016	5.900	193,979	-	17,798
	MFA 81	CDN	1367	Apr 22, 2019	4.900	89,476	23,475	30,567
	MFA 97	CDN	1395	Apr 19, 2021	4.660	40,000	16,016	18,859
	MFA 106	CDN	1395	Oct 13, 2024	4.130	94,439	57,188	63,155
	MFA 117	CDN	1395	Oct 12, 2026	3.250	49,056	35,786	38,653
						<u>466,950</u>	<u>132,465</u>	<u>169,033</u>
WATER - SAN PAREIL FIRE IMPROVEMENTS								
	MFA 127	CDN	1689	Apr 07, 2034	3.300	1,114,600	1,038,242	1,077,170
						<u>1,114,600</u>	<u>1,038,242</u>	<u>1,077,170</u>
WATER - DRIFTWOOD								
	MFA 80	CDN	1301	Oct 03, 2023	4.900	100,614	46,716	52,181
						<u>100,614</u>	<u>46,716</u>	<u>52,181</u>
WATER - MELROSE TERRACE								
	MFA 103	CDN	1539	Apr 23, 2018	4.650	14,349	3,337	4,909
						<u>14,349</u>	<u>3,337</u>	<u>4,909</u>
BULK WATER - FRENCH CREEK								
	MFA 69	CDN	1127	Sep 24, 2018	4.650	503,655	75,147	110,059
						<u>503,655</u>	<u>75,147</u>	<u>110,059</u>
BULK WATER - NANOOSE								
	MFA 69	CDN	1128	Sep 24, 2018	4.650	864,095	128,926	188,822
	MFA 74	CDN	1226	Jun 01, 2021	5.900	2,195,223	762,639	894,085
	MFA 80	CDN	1239	Oct 03, 2023	4.900	176,295	81,856	91,431
						<u>3,235,613</u>	<u>973,421</u>	<u>1,174,338</u>
NANOOSE BAY PENINSULA WATER								
	MFA 139	CDN	1723	Oct 05, 2036	2.100	350,000	350,000	-
	MFA 139	CDN	1750	Oct 05, 2036	2.100	557,200	557,200	-
						<u>907,200</u>	<u>907,200</u>	<u>-</u>
TOTAL WATER SUPPLY MANAGEMENT						<u>6,342,981</u>	<u>3,176,528</u>	<u>2,587,690</u>
WASTEWATER SERVICES								
SOUTHERN COMMUNITY WASTEWATER								
	MFA 139	CDN	1742	Oct 05, 2036	2.100	5,000,000	5,000,000	-
TOTAL WASTEWATER MANAGEMENT						<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
DEBT HELD FOR OTHER JURISDICTIONS								
VANCOUVER ISLAND REGIONAL LIBRARY								
	MFA 117	CDN	1634	Oct 12, 2041	3.250	8,000,000	7,227,411	7,394,281
	MFA 126	CDN	1674	Sep 26, 2038	3.850	8,610,000	7,964,631	8,188,244
TOTAL - VANCOUVER ISLAND REGIONAL LIBRARY						<u>\$ 16,610,000</u>	<u>\$ 15,192,042</u>	<u>\$ 15,582,525</u>
TOTAL LONG-TERM DEBT - REGIONAL DISTRICT						<u>\$ 44,295,468</u>	<u>\$ 34,697,031</u>	<u>\$ 30,067,078</u>

See notes to consolidated financial statements

**REGIONAL DISTRICT OF NANAIMO
SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2016**

FUNCTION	ISSUER	FUNDS	BYLAW NUMBER	MATURITY DATE	INTEREST RATE	ORIGINAL VALUE	2016 DEBT O/S	2015 DEBT O/S	
CITY OF PARKSVILLE									
	MFA68	CDN	1109	Mar 24, 2018	4.650	1,200,000	179,045	262,225	
	MFA69	CDN	1129	Sep 24, 2018	4.650	1,970,000	293,932	430,485	
	MFA74	CDN	1227	Jun 01, 2021	5.900	290,000	100,748	118,113	
	MFA75	CDN	1238	Dec 01, 2021	5.690	1,050,000	364,779	427,651	
	MFA78	CDN	1283	Dec 03, 2022	5.250	765,000	311,574	355,200	
	MFA93	CDN	1420	Apr 06, 2025	5.100	800,000	410,013	450,096	
	TOTAL CITY OF PARKSVILLE						<u>6,075,000</u>	<u>1,660,091</u>	<u>2,043,770</u>
TOWN OF QUALICUM BEACH									
	MFA136	CDN	1729	Nov 30, 2025	2.750	4,629,364	4,166,428	4,629,364	
	TOTAL TOWN OF QUALICUM BEACH						<u>4,629,364</u>	<u>4,166,428</u>	<u>4,629,364</u>
CITY OF NANAIMO									
	MFA72	CDN	1197	Jun 01, 2020	6.450	4,500,000	1,261,630	1,543,830	
	MFA73	CDN	1219	Dec 01, 2020	6.360	4,100,000	1,149,486	1,406,600	
	MFA99	CDN	1489	Oct 19, 2026	4.430	15,000,000	8,952,209	9,669,168	
	MFA101	CDN	1489	Apr 11, 2027	4.520	15,000,000	9,669,168	10,358,552	
	MFA 102	CDN	1530	Dec 01, 2027	4.820	3,750,000	2,417,292	2,589,638	
	MFA 126	CDN	1688	Sep26, 2033	3.850	13,300,000	11,905,777	12,388,860	
	MFA 127	CDN	1694	Apr 07, 2034	3.300	9,200,000	8,569,738	8,891,048	
	TOTAL CITY OF NANAIMO						<u>64,850,000</u>	<u>43,925,300</u>	<u>46,847,696</u>
TOTAL LONG-TERM DEBT - MEMBER MUNICIPALITIES						<u>\$ 75,554,364</u>	<u>\$ 49,751,819</u>	<u>\$ 53,520,830</u>	
TOTAL LONG-TERM DEBT						<u>\$ 119,849,832</u>	<u>\$ 84,448,850</u>	<u>\$ 83,587,908</u>	

See notes to consolidated financial statements

RESERVE ACCOUNT ACTIVITY - 2016
SCHEDULE OF STATUTORY RESERVE FUND ACTIVITY AND FUND BALANCES
AS AT DECEMBER 31, 2016

	Balance January 1, 2016	Interest Income	Contributions by Developers & Others	MFA surplus and refunds	Contributions from/(to) Operating Fund	Transfers to Capital Funds	Feasibility, legal & other costs or transfers	Balance December 31, 2016
2016 ACTIVITY								
Feasibility Studies	\$ 13,460	-	-	-	(2,652)	-	-	\$ 10,808
Administration Information Systems/Building	\$ 1,930,317	28,551	-	-	182,945	(16,026)	-	\$ 2,125,787
Local Government Elections	\$ 53,289	777	-	-	-	-	-	\$ 54,066
Regional Growth Strategy	\$ 72,396	1,182	-	-	50,000	-	-	\$ 123,578
Building Inspection	\$ 326,730	4,948	-	-	10,000	-	-	\$ 341,678
Community Planning	\$ 172,159	2,704	-	-	75,000	-	-	\$ 249,863
Carbon Action Revenue Incentive Program	\$ 310,116	4,447	105,553	-	-	(121,913)	-	\$ 298,203
Carbon Neutral	\$ 52,757	769	-	-	-	-	-	\$ 53,526
	\$ 2,931,224	\$ 43,378	\$ 105,553	\$ -	\$ 315,293	\$ (137,939)	\$ -	\$ 3,257,509
Wastewater & Solid Waste Management								
Solid Waste Management	\$ 4,598,700	53,845	-	-	700,000	(3,289,305)	-	\$ 2,063,240
Solid Waste Collection & Recycling	\$ 160,684	2,785	-	-	170,000	-	-	\$ 333,469
Nanoose Wastewater	\$ 790,685	11,447	-	-	115,000	-	-	\$ 917,132
Northern Community Wastewater	\$ 7,847,065	118,478	20,457	-	1,543,886	-	-	\$ 9,529,886
Southern Community Wastewater	\$ 20,779,182	300,264	-	-	1,945,115	(1,718,502)	-	\$ 21,306,059
Duke Point Wastewater	\$ 174,161	2,600	-	-	25,000	-	-	\$ 201,761
	\$ 34,350,477	489,419	20,457	-	4,499,001	(5,007,807)	-	\$ 34,351,547
Water, Sewer & Street lighting								
Surfside Sewer	\$ 1,000	-	-	-	5,000	-	-	\$ 6,000
Pacific Shores Sewer	\$ 43,353	635	-	-	5,000	-	-	\$ 48,988
French Creek Sewer	\$ 476,434	6,951	7,137	-	(10,000)	-	-	\$ 480,522
Cedar Sewer Collection	\$ 15,995	294	-	-	40,000	-	-	\$ 56,289
Barclay Cres Sewer DCCs	\$ 4,250	39	1,059	-	-	-	-	\$ 5,348
Cedar Estates Stormwater	\$ 13,408	186	-	-	4,000	-	-	\$ 17,594
Englishman River Stormwater	\$ 19,753	291	-	-	3,000	-	-	\$ 23,044
French Creek Water	\$ 154,681	2,283	-	-	20,000	-	-	\$ 176,964
Madrona Water	\$ 209,842	3,057	-	-	-	-	-	\$ 212,899
Surfside Water	\$ 14,297	187	-	-	1,000	(7,877)	-	\$ 7,607
West Bay Estates Water	\$ 42,381	587	-	-	-	(42,968)	-	\$ -
Decourcy Water	\$ 12,973	176	-	-	3,000	-	-	\$ 16,149
Melrose Water	\$ 6,014	64	-	-	5,000	-	-	\$ 11,078
Nanoose Bay Peninsula Water	\$ 589,974	8,721	-	-	100,000	-	-	\$ 698,695
Nanoose Bay Water	\$ 218,748	3,187	-	-	-	-	-	\$ 221,935
Englishman River Water	\$ 243,725	3,589	-	-	20,000	-	-	\$ 267,314
San Pareil Water	\$ 15,206	217	-	5,118	5,000	-	-	\$ 25,541
Whiskey Creek Water	\$ 7,644	155	-	-	25,000	-	-	\$ 32,799
Nanoose AWS Bulk Water	\$ 944,962	14,270	-	-	645,290	(248,707)	-	\$ 1,355,815

See notes to consolidated financial statements

RESERVE ACCOUNT ACTIVITY - 2016
SCHEDULE OF STATUTORY RESERVE FUND ACTIVITY AND FUND BALANCES
AS AT DECEMBER 31, 2016

	Balance January 1, 2016	Interest Income	Contributions by Developers & Others	MFA surplus and refunds	Contributions from/(to) Operating Fund	Transfers to Capital Funds	Feasibility, legal & other costs or transfers	Balance December 31, 2016
French Creek AWS Bulk Water	\$ 810,797	11,433	-	-	31,833	-	-	\$ 854,063
Drinking Water/Watershed Protection	\$ 10,023	154	-	-	10,000	-	-	\$ 20,177
Englishman River Street lighting	\$ 7,669	94	-	-	500	-	-	\$ 8,263
Fairwinds Street lighting	\$ 24,005	358	-	-	5,000	-	-	\$ 29,363
Morningstar Street lighting	\$ 16,816	231	-	-	(4,000)	-	-	\$ 13,047
Rural EA E & G Street lighting	\$ 10,231	139	-	-	2,500	-	-	\$ 12,870
	\$ 3,914,181	57,298	8,196	5,118	914,623	(299,552)	-	\$ 4,602,364
Public Transportation								
Transit	\$ 2,874,170	43,798	-	-	781,589	-	-	\$ 3,699,557
Descanso Bay Emergency Wharf	\$ 10,719	135	-	-	1,764	-	-	\$ 12,618
Green's Landing Wharf	\$ -	754	-	-	200,000	-	-	\$ 200,754
	\$ 2,884,889	44,687	-	-	983,353	-	-	\$ 3,912,929
Protective Services								
Coombs Hilliers Fire	\$ 453,130	6,770	-	-	120,183	(42,499)	-	\$ 537,584
Errington Fire	\$ 631,943	9,354	-	-	142,634	(32,097)	-	\$ 751,834
Extension Fire	\$ 425,651	6,348	-	-	63,597	-	-	\$ 495,596
Nanoose Fire	\$ 386,883	4,714	-	-	93,346	(257,232)	-	\$ 227,711
Dashwood Fire	\$ 422,658	6,201	-	-	99,778	(75,224)	-	\$ 453,413
Bow Horn Bay Fire	\$ 307,273	4,595	-	-	51,106	-	-	\$ 362,974
Nanaimo River Fire	\$ 120,221	1,792	-	-	16,175	-	-	\$ 138,188
Cassidy Waterloo Fire	\$ 135,064	2,134	-	-	65,440	-	-	\$ 202,638
Emergency Planning	\$ 55,549	843	-	-	13,000	-	-	\$ 69,392
Bylaw Enforcement	\$ 94,209	1,141	-	-	7,000	-	-	\$ 102,350
District 68 911 Service	\$ 134,528	1,959	-	-	-	-	-	\$ 136,487
	\$ 3,167,109	45,851	-	-	672,259	(407,052)	-	\$ 3,478,167
Parks, Recreation & Culture								
Area A Recreation & Culture	\$ 364,460	5,477	-	-	65,000	-	-	\$ 434,937
Area B Recreation	\$ 65,249	930	-	-	(17,449)	-	-	\$ 48,730
Extension Recreation	\$ 35,716	509	-	-	-	-	(576)	\$ 35,649
Community Parks	\$ 966,909	13,979	-	-	74,390	(85,079)	-	\$ 970,199
Regional Parks Capital	\$ 2,071,216	32,239	-	-	811,760	(1,154)	(10,675)	\$ 2,903,386
Regional Parks Development	\$ 48,909	727	-	-	10,000	-	-	\$ 59,636
Recreation & Culture	\$ 653,945	10,617	-	-	515,180	(10,841)	-	\$ 1,168,901
	\$ 4,206,404	64,478	-	-	1,458,881	(97,074)	(11,251)	\$ 5,621,438
TOTAL ALL RESERVE FUNDS	\$ 51,454,284	\$745,111	134,206	\$5,118	\$8,843,410	(\$5,949,424)	(\$11,251)	\$ 55,223,954

See notes to consolidated financial statements

REGIONAL DISTRICT OF NANAIMO
SCHEDULE OF DEVELOPMENT COST CHARGES AND PARKLAND ACQUISITION FUNDS
RESERVE ACCOUNT BALANCES-DEC 31, 2016

ACTIVITY	Northern	Southern	Bulk	Duke Point	Parkland	Total
	Wastewater DCCs	Wastewater DCCs	Water DCCs	Sewer DCCs	Acquisition FUNDS	
	(1)	(2)	(3)	(4)	(5)	2015
Due from Revenue Fund	\$ 7,522,756	\$ 3,290,193	\$ 768,477	\$ 375,954	\$ 1,716,243	\$ 13,673,623
Developer Installments Receivable	61,956	51,518	-	-	-	113,474
DEFERRED REVENUE BALANCE (Note 10)	7,584,712	3,341,711	768,477	375,954	1,716,243	13,787,097
ACTIVITY:						
Balance, Beginning of the year	6,676,763	3,070,899	757,441	332,375	1,691,619	12,913,324
Add:						
Contribution by developers & others	828,034	1,430,329	44,574	38,416		2,341,353
Interest earned	101,131	41,045	11,168	5,163	24,624	183,131
Less:						
Transfer DCCs to Revenue Fund	(21,216)	(1,200,562)	(44,706)	-	-	(1,266,484)
BALANCE, End of the year	\$ 7,584,712	\$ 3,341,711	\$ 768,477	\$ 375,954	\$ 1,716,243	\$ 13,787,097

(1) Northern Wastewater DCC collection areas include the City of Parksville, Town of Qualicum Beach, portions of Electoral Area G and portions of Electoral Area E.

(2) Southern Wastewater DCC collection areas include the City of Nanaimo and the District of Lantzville.

(3) Bulk Water service areas have been established in the French Creek area of Electoral Area G and the Nanoose Bay Peninsula in Electoral Area E.

(4) Duke Point Sewer DCC collection area includes properties in Electoral Area A (Cedar).

(5) Parkland acquisition funds consist of payments received from developers in lieu of parkland for each electoral area in the Regional District plus interest earned on these funds. The funds are reserved for future parkland purchases.

See notes to consolidated financial statements

REGIONAL DISTRICT OF NANAIMO
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
GAS TAX REVENUE TRANSFER PROGRAMS
DECEMBER 31, 2016
(UNAUDITED)

	COMMUNITY WORKS PROGRAM²	OTHER GAS TAX PROGRAMS³	TOTAL 2016	TOTAL 2015
Opening balance of unspent (spent) funds	\$ 7,331,503	\$ (603,977)	\$ 6,727,526	\$ 3,758,865
Add:				
Amount received during the year	1,676,566	7,226,940	8,903,506	3,897,080
Interest earned	95,925	-	95,925	96,993
Less:				
Amount spent on projects (Notes 2 & 3)	(1,006,670)	(8,589,857)	(9,596,527)	(1,025,412)
Closing balance of unspent (spent) funds	<u>\$ 8,097,324</u>	<u>\$ (1,966,894)</u>	<u>\$ 6,130,430</u>	<u>\$ 6,727,526</u>
	(see note 10)	(see note 3)		

Notes to Schedule:

1. Gas Tax Revenue Transfer Programs

The Government of Canada, through the Union of BC Municipalities (UBCM), transfers Gas Tax Revenue funds to local governments in British Columbia. The use of funding is established by agreements between the local government and the UBCM. Funding may be used towards public transit, disaster mitigation, recreational, water, wastewater and solid waste infrastructure and asset management or capacity building projects, as specified in the agreements.

2. Community Works Program 2016 Activity

The Regional District applied \$402,300 towards capital upgrades at the following Community Halls: Cedar; Lighthouse; Cranberry; Nanoose Place; Rollo Centre; Gabriola Museum and the Bowser Legion. \$376,000 was expended on trail projects at Claudet Community Park, Blueback Community Park, Oakleaf Community Park, E&N Regional Trail, Cranswick Trail and the Gabriola Village Trail. In addition, \$55,000 was spent on community plan projects in Electoral Area H and \$128,600 was applied towards engineering and capital upgrades for the Nanoose Bay Water Quality/Quantity Monitoring Program, Nanoose Bay Interceptor, Westurne Heights Water System and Whiskey Creek Water System.

3. Other Gas Tax Programs 2016 Activity

Under this portion of the program, expenditures are reimbursed on a claims made basis. In 2016, the following projects were either under construction, in progress or completed during the year:

<u>Project</u>	<u>Year Approved</u>	<u>Total Project value</u>	<u>Approved Grant</u>	<u>Grant Amount Expended to date</u>	<u>Amount Received to date</u>
Strategic Priorities Fund					
a. Southern Community Wastewater Marine Outfall - Marine Section	2016	14,196,070	6,000,000	6,000,000	6,000,000
Regionally Significant Priorities Fund					
a. Regional Trail System - RDN E&N Rail Trail Project	2014	3,873,206	2,676,489	2,676,489	770,419
b. Rural Village Centre Sewer Servicing Projects	2014	350,000	350,000	317,344	256,520
c. Northern Community Wastewater Treatment Plant - Roof Replacement	2014	587,250	200,000	200,000	200,000
Total Other Gas Tax Program Activity		<u>\$ 19,006,526</u>	<u>\$ 9,226,489</u>	<u>\$ 9,193,833</u>	<u>\$ 7,226,939</u>

See notes to consolidated financial statements

REGIONAL DISTRICT OF NANAIMO
GENERAL REVENUE FUND
SCHEDULE OF REVENUE AND EXPENDITURES
as at December 31, 2016
(UNAUDITED)

	Corporate Services (Schedule A)	Strategic & Community Development (Schedule B)	Regional & Community Utilities (Schedule C)	Recreation & Parks Services (Schedule D)	Transportation & Emergency Services (Schedule E)	Actual 2016	Budget 2016	Actual 2015
REVENUES								
Tax requisition	\$ 3,781,836	\$ 2,386,528	\$ 16,375,461	\$ 10,701,750	\$ 14,243,554	\$ 47,489,129	\$ 47,489,131	\$ 45,032,665
Grants	536,459	191,645	6,555,989	2,832,379	5,618,645	15,735,117	13,055,788	6,740,947
Grants in Lieu	69,394	8,411	95,424	22,239	123,945	319,413	241,210	309,109
Interest	194,279	-	-	-	-	194,279	150,000	283,255
Permit fees & other	-	344,849	3,448,927	385,869	1,613,912	5,793,557	9,090,931	2,791,041
Operating revenues	-	1,428,663	6,777,360	1,693,324	4,519,347	14,418,694	13,705,863	13,859,037
Disposal fees	-	-	8,554,506	-	-	8,554,506	7,741,024	7,494,219
Other	11,315,020	-	9,462,711	-	667,646	21,445,377	40,597,840	17,773,362
	15,896,988	4,360,096	51,270,378	15,635,561	26,787,049	113,950,072	132,071,787	94,283,635
EXPENDITURES								
General administration	158,548	370,020	1,796,688	581,697	1,321,041	4,227,994	4,411,984	4,036,011
Professional fees	279,014	240,505	1,054,629	104,701	43,798	1,722,647	2,522,668	1,435,932
Community grants	65,022	-	-	-	-	65,022	56,528	46,012
Legislative	456,127	-	-	-	-	456,127	498,394	474,474
Program costs	-	141,537	157,924	585,300	-	884,761	925,870	839,844
Vehicle and Equip operating	161,517	77,715	1,894,259	181,055	4,624,522	6,939,068	7,878,995	6,984,636
Building operating	325,443	37,313	1,439,338	743,700	426,141	2,971,935	3,232,607	2,801,921
Other operating	644,693	675,662	9,699,892	810,154	3,319,171	15,149,572	16,861,605	14,921,193
Wages & benefits	4,059,482	2,195,643	7,177,232	4,395,837	11,183,922	29,012,116	30,665,186	28,219,289
Capital expenditures	256,349	65,765	21,396,782	3,375,043	1,055,415	26,149,354	44,816,373	9,270,481
	6,406,195	3,804,160	44,616,744	10,777,487	21,974,010	87,578,596	111,870,210	69,029,793
OPERATING SURPLUS	9,490,793	555,936	6,653,634	4,858,074	4,813,039	26,371,476	20,201,577	25,253,842
Debt retirement								
- interest	3,436,929	-	392,239	458,237	167,777	4,455,182	4,664,168	4,548,388
- principal	3,185,990	-	440,772	1,004,376	153,944	4,785,082	4,787,627	4,431,322
Contingency	-	-	-	-	-	-	-	25
Reserve contributions	184,140	171,054	6,142,851	1,484,940	1,658,806	9,641,791	8,456,997	9,303,636
Transfers to other govts	2,559,623	277,350	-	1,707,332	2,608,827	7,153,132	7,244,413	6,424,623
	9,366,682	448,404	6,975,862	4,654,885	4,589,354	26,035,187	25,153,205	24,707,994
CURRENT YEAR SURPLUS (DEFICIT)	124,111	107,532	(322,228)	203,189	223,685	336,289	(4,951,628)	545,848
Prior year's surplus applied	1,244,851	1,206,105	4,832,295	1,522,595	3,020,933	11,826,779	11,826,779	11,280,931
NET OPERATING SURPLUS	\$ 1,368,962	\$ 1,313,637	\$ 4,510,067	\$ 1,725,784	\$ 3,244,618	\$ 12,163,068	\$ 6,875,151	\$ 11,826,779

See notes to consolidated financial statements

The recommended projects meet the criteria for eligible projects and align with the SPF objectives of projects that are larger in scale and regional in nature. These projects are ready for implementation, and are considered high priority for the organization.

BACKGROUND

In May 2014, Canada, BC, and UBCM signed the renewed Gas Tax Agreement (GTA) which provides a 10 year commitment of federal funding for investments in local government infrastructure and capacity building.

One of the key funding programs established through the GTA, is the Strategic Priorities fund (SPF), which provides grants for strategic investments that are considered larger in scale, regional in impact, or innovative. Details of the program are available on the UBCM webpage for the Strategic Priorities Fund:

<http://www.ubcm.ca/EN/main/funding/renewed-gas-tax-agreement/strategic-priorities-fund.html>

The first intake for the SPF fund was completed in 2015 under which the RDN received \$6 million for the Greater Nanaimo Wastewater Outfall Replacement. The 2017 intake for grant applications is now open, and closes on June 1.

Each eligible local/regional government may submit two (2) applications under the SPF-Capital Infrastructure Projects Stream, and one (1) application under the Capacity Building Stream. Applications must be accompanied by a Board motion of endorsement. On April 11 the Board endorsed the GNPCC Secondary Treatment project for submission as one of the 2 capital projects because of its size and related population impact. The program guide for the 2017 intake suggests that the maximum capital project grant amount in 2017 is \$6 million per project.

Eligible costs for the Capital Project stream are expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset. Eligible Capital Project categories include: Transit; Local Roads, Bridges, & Active Transportation.; Regional Airports; Solid Waste; Community Energy Infrastructure; Short Sea Shipping; Short Line Rail; Drinking Water; Wastewater; Brownfield Redevelopment; Broadband Connectivity; Disaster Mitigation; Cultural Infrastructure; Sport Infrastructure; Tourism Infrastructure.

Eligible Costs for the Capacity Building Stream include expenditures related to strengthening the ability of Local Governments to improve local and regional planning including capital investment plans, integrated community sustainability plans, life cycle costs assessments, and Asset Management Plans.

Ineligible costs include operating or administrative, costs related to tasks normally carried out by staff, purchase of land, legal, and routine repair and maintenance.

Projects will be evaluated according to how well they support the following priorities:

- Environmental Benefits
- Strong Communities
- Economic Benefits

Staff have identified two RDN projects as best aligned with the timing, objectives and evaluation criteria for this SPF intake:

1. Capital Project: Nanoose Bay Water Service Pump Station Replacement - \$2 million

Replace pump station and install new transmission main to supply the Nanoose Bay Peninsula Water Service Area with treated surface water once the new ERWS Water Treatment Plant is online. This project is included in the Financial Plan for 2018/19 and grant approval would move the construction timing up and reduce borrowing requirements in this service.

2. Capacity Building: Asset Management - Replacement Cost Study (\$150,000)

Establishing current replacement costs for all RDN assets, as well as a procedure for maintaining that data over time will provide essential information to enable long term financial planning for current services. This project will rely on expert guidance and advice, as well as current-year industry pricing in order to establish a baseline understanding of actual costs to replace RDN assets, and provide a consistent method, based on best practices, to maintain and update current replacement costs year over year.

The recommended projects meet the criteria for eligible projects and align with the SPF objectives of projects that are larger in scale and regional in nature. These projects are ready for implementation, and are considered high priority for the organization.

ALTERNATIVES

1. The Board support application under the NBCF-SCF for the identified projects.
2. Provide alternate direction to staff.

FINANCIAL IMPLICATIONS

Funding of infrastructure projects under the SPF has the potential to significantly reduce the tax burden associated with those projects. Funding under the SPF is limited, and is expected to primarily benefit local government projects that are larger in scale, regional in impact, or Innovative.

The recommended projects meet the criteria for eligible projects and align with the SPF objectives of projects that are larger in scale and regional in nature. These projects are ready for implementation, and are regional priorities for implementation.

STRATEGIC PLAN IMPLICATIONS

The RON's 2016-2020 Strategic Plan includes “We will fund infrastructure in support of our core services employing an asset management focus” as one of its key priorities. As well it clearly identifies balancing the RON's vision for the region and pursuit of innovation with fiscal responsibility including support to seek out provincial and federal grant funding for infrastructure projects.



Wendy Idema (widema@rdn.bc.ca)
May 1, 2017



Randy Alexander (ralexander@rdn.bc.ca)

Reviewed by:
P. Carlyle, Chief Administrative Officer

TO: Committee of the Whole**MEETING:** May 9, 2017**FROM:** Hannah King
Superintendent, Recreation Program Services**SUBJECT:** Tribal Journeys 2017

RECOMMENDATION

That the Tribal Journeys 2017 report be received for information and RDN Board of Directors and staff be informed of any volunteer opportunities that may arise from the event.

SUMMARY

In August 2017 the We Wai Kai Nation and We Wai Kum Nation will welcome canoe families from around the Pacific Northwest to their territories (Quadra Island and Campbell River). Leading up to their arrival, paddlers will travel from points all around the Pacific Northwest and will follow established paddling routes stopping along the way at numerous Vancouver Island First Nation communities (Attachment 1). Potential landing sites within the RDN that have been identified to date include: Nanaimo - Newcastle Island, Nanoose Bay, and Qualicum Bay.

BACKGROUND

In August 2017, the We Wai Kai Nation and We Wai Kum Nation will welcome canoe families from around the Pacific Northwest to their territories (Quadra Island and Campbell River). The purpose of the journey is to help foster cultural revitalization and experience (www.tribaljournays2017.com). The event is open to all ages but often within the journey there are opportunities to focus on supporting participating youth. Tribal Journeys is an annual event that has been taking place for more than twenty five years.

Paddlers will travel from points all around the Pacific Northwest and will follow establish paddling routes stopping along the way at numerous Vancouver Island First Nation communities (Attachment 1). Potential landing sites within the RDN that have been identified to date include: Nanaimo - Newcastle Island, Nanoose Bay, and Qualicum Bay.

The culmination of the Journey will be the arrival of more than one hundred canoes on the shores of Quadra Island on Saturday, August 5th and onto Campbell River's shores on Monday, August 7th. On both dates public community feasts will be held. Typically, hundreds of people attend these celebrations.

Through Chair Veenhof's efforts, an offer of assistance by CFB Esquimalt to provide resources and equipment has been presented and considered by the three local First Nation communities.

At the time of writing no specific information regarding landing events has been confirmed regarding the Nanoose Bay or Nanaimo-Newcastle events.

Chief Michael Recalma of the Qualicum First Nation has invited both RDN Directors and staff to attend or volunteer in the Qualicum Bay landing event (at the mouth of the Big Qualicum River) on August 1st.

The Qualicum landing will involve the arrival of the paddlers who will request permission to land at the mouth of the river. It is expected that Chief Recalma will welcome them ashore and invite them to a meal hosted by the Qualicum First Nation. The paddlers and their support crews traveling by land would join in the hosted meal.

Chief Recalma conveyed to staff that individuals can attend or volunteer at the landing in Qualicum Bay. Those attending would be welcome to be witness to the landing or to volunteer more actively in tasks assigned on the day of the landing. Tasks may include serving food to elders, directing traffic and equipment set up/take down. This offer is a wonderful opportunity for staff and Directors to participate in this culturally significant event.

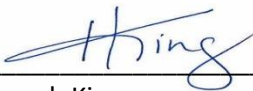
Specific details such as canoe arrival times and volunteer opportunities have yet to be determined and will be communicated when available.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC PLAN IMPLICATIONS

A key focus of the Regional District is to continue to develop and encourage meaningful relationships. An invitation such as the one being extended by Qualicum First Nation and the offer of assistance from the Regional District of Nanaimo, are examples of growing relationships. RDN Board members and staff attending any of the Tribal Journeys 2017 events would further strengthen cultural awareness and understanding of the First Nations Communities.



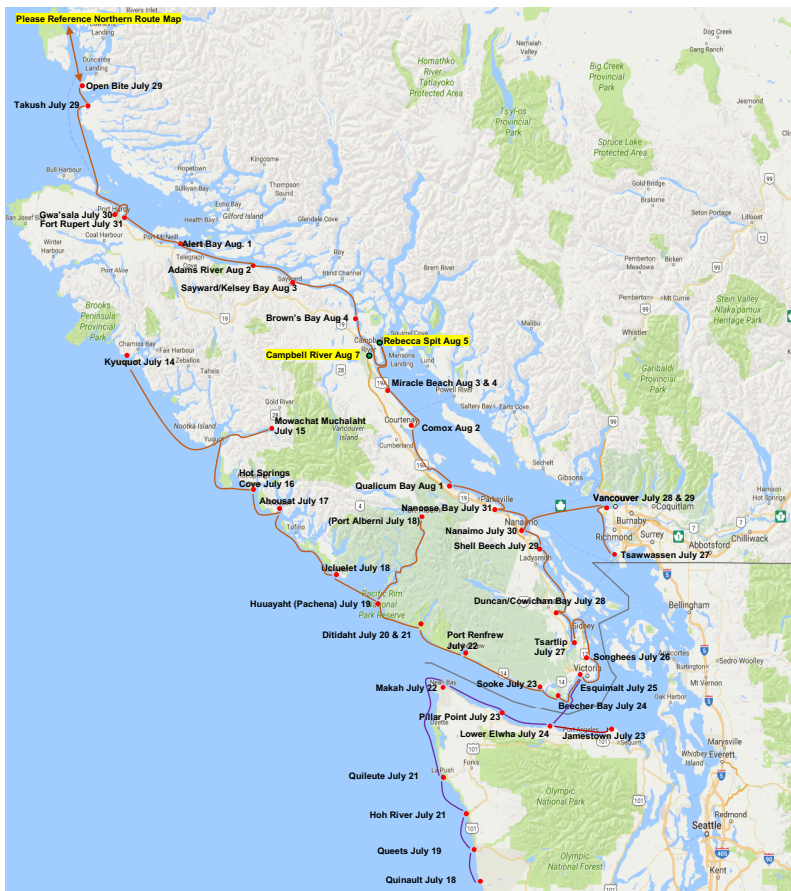
Hannah King
Hking@rdn.bc.ca
April 26, 2017

Reviewed by:

- D. Banman, Manager, Recreation Services
- G. Garbutt, General Manager, Strategic and Community Development
- T. Osborne, General Manager, Recreation and Parks
- P. Carlyle, Chief Administrative Officer

Attachment

1. Tribal Journeys Route Map 2017 as of April 2017



TENTATIVE ARRIVAL DATES TO QUADRA ISLAND & CAMPBELL RIVER

West Coast Van Island		Southern Van Island		Washington State		BC Lower Mainland	
July 14	Kyoquot						
July 15	Mowachat						
July 16	Hot Springs Cove			July 18	Quinalt		
July 17	Ahousat			July 19	Queets		
July 18	Uculet			July 21	Hoh River		
July 18	(Port Alberni)			July 21	Quileute		
July 19	Huuayaht (Pachena)			July 22	Makah		
July 20 & 21	Nitnahat			July 23	Pillar Point		
July 22	Port Renfrew			July 23	Jamestown		
July 23	Sooke			July 24	Lower Elwha		
July 24	Beecher Bay			July 24	Beecher Bay		
July 25	Esquimalt	July 25	Esquimalt	July 25	Esquimalt		
July 26	Tsawout (Keating)	July 26	Tsawout (Keating)	July 26	Tsawout (Keating)		
July 27	Tsartlip	July 27	Tsartlip	July 27	Tsartlip	July 27	Tsawassen
July 28	Duncan	July 28	Duncan	July 28	Duncan	July 28	City of Vancouver
July 29	Shell Beech	July 29	Shell Beach	July 29	Shell Beech	July 29	City of Vancouver
July 30	Nanaimo New Castle	July 30	Nanaimo New Castle	July 30	Nanaimo New Castle	July 30	Nanaimo New Castle
July 31	Nanoose Bay	July 31	Nanoose Bay	July 31	Nanoose Bay	July 31	Nanoose Bay
						Aug 1	Qualicum Beach
						Aug 2	Comox
						Aug 3 & 4	Miracle Beach
						Aug 5	Quadra Island
						Aug 7	Campbell River

LANDING DAYS & LOCATIONS:

*Drew Harbour, Quadra Island: Saturday, August 5th, 2017

*please note the landing location is not the Village of Cape Mudge, it is the east side of Quadra Island

Campbell River Spit, Campbell River: Monday, August 7th, 2017

TO: Regional District of Nanaimo Committee of the Whole **MEETING:** May 9, 2017

FROM: Adrian Limpus
Engineering Technologist **FILE:** 2240-20-SHAW

SUBJECT: Renewal of Agreement for On-Call Electrical Maintenance and Repair for Wastewater Services

RECOMMENDATION(S)

That the Board renew an agreement for on-call electrical maintenance and repair to Shaw Electrical Services from June 1, 2017 to May 31, 2018, to a maximum expenditure of \$250,000.00. Electrical maintenance services are provided to the Southern Community, Northern Community, Nanoose and Duke Point Wastewater Service Areas.

SUMMARY

The Board is requested to approve renewal of an agreement with Shaw Electrical Services for on-call electrical maintenance and repair services to support operation of the Regional District of Nanaimo's four wastewater treatment facilities, 23 pump stations, and two septage receiving sites. The proposed renewal is for a one year term, from June 1, 2017 to May 31, 2018, to a maximum expenditure of \$250,000.00. The renewal includes an approximate 1.5% increase to labour rates from June 1, 2017. All other terms and conditions including equipment mark-up, travel costs, and warranty remain the same.

BACKGROUND

The Regional District of Nanaimo (RDN) has a regular need for on-call electrical maintenance and repair services to support the operation of its wastewater facilities.

To meet Purchasing Policy requirements, in April 2015, the RDN Wastewater Services department issued a Request for Proposals (RFP) on BC Bid to select a qualified electrical firm. The contract was awarded to Shaw Electrical Services. Shaw Electrical Services have experience with the electrical systems at our wastewater facilities, and have worked with operational staff in the past.

The initial agreement term was from June 1, 2015 to May 31, 2016 with the possibility of extension for an additional 2 one year terms. In April 12, 2016, the Board approved extension of the agreement for one year.

Shaw Electrical Services has provided a high level of service to the RDN over the last two years. Staff are interested in extending the agreement for the last one year term as per the conditions of the RFP.

ALTERNATIVES

1. Authorize staff to renew an agreement with Shaw Electrical Services for on-call electrical maintenance and repair for wastewater facilities from June 1, 2017 to May 31, 2018. The total financial authorization requested is \$250,000.

On call electrical services are required to maintain operation of the facility and protection of the environment.

2. Do not authorize renewal of the agreement and provide alternative direction for staff.

FINANCIAL IMPLICATIONS

Shaw Electrical Services has agreed to the proposed extension. There would be an approximate 1.5% increase to their labour rates from June 1, 2017. The contract includes a clause permitting renewal on satisfactory performance review and mutual agreement on rates.

All other terms and conditions including equipment mark-up, travel costs, and warranty will remain the same. The total financial authorization requested to renew this agreement from June 1, 2017 to May 31, 2018 is \$250,000.

STRATEGIC PLAN IMPLICATIONS

Electrical maintenance and repair services are important for the efficient, safe and reliable operation of the RDN's wastewater facilities, advancing the Board's strategic focus on Service and Organizational Excellence.

Original Signed By

Adrian Limpus
alimpus@rdn.bc.ca
April 19, 2017

Reviewed by:

- S.De Pol, Manager, Wastewater Services
- R. Alexander, General Manager, Regional & Community Utilities
- P. Carlyle, Chief Administrative Officer.

To continue using the woodlot after May 31, 2017, the RDN must enter into a license agreement with TimberWest (Attachment 1) to grant land use permissions and identify responsibilities. TimberWest also requests the RDN enter into an agreement with the Nanaimo Mountain Bike Club (Attachment 2) to recognize and support the long history of recreational mountain biking also existing on this woodlot and to determine how the licenced area will be coordinated for the two land uses. The Nanaimo Mountain Bike Club also intends to enter into a separate license agreement with TimberWest to gain land use permissions, identify its responsibilities for trail maintenance, and establish liability insurance requirements related to its recreational use of the land. The term of the agreements will be for four years; from June 1, 2017 to May 31, 2021.

These agreements formalize the shared land uses of TimberWest's forestry operations, the RDN's biosolids fertilization program and the Nanaimo Mountain Bike Club's recreational activities, thereby improving communication and safety and maximizing the benefits for all three parties. Furthermore, the agreements legitimize mountain biking as a permitted use of the privately-owned land and have the potential to transform the area into a key mountain biking destination on Vancouver Island.

SYLVIS, also a key component of the RDN's biosolids program, has been involved since the origin of the forest fertilization program. A four-month contract extension, from June 1, 2017 to September 30, 2017, will enable SYLVIS to continue managing RDN biosolids while a competitive procurement process is undertaken to establish a long term contract.

Currently, biosolids are sent to the RDN Regional Landfill when weather conditions make the woodlot inaccessible. At the March 17, 2017 meeting, the Liquid Waste Management Plan Monitoring Committee carried the motion "that the Liquid Waste Management Plan Monitoring Committee supports the continued beneficial reuse of biosolids over long term disposal at the Regional Landfill." Minutes of this meeting were received for information at the April 11, 2017 Committee of the Whole. Based on this motion, the RDN is also seeking a contingency site to beneficially use biosolids when the woodlot is inaccessible.

ALTERNATIVES

1. Continue the biosolids forest fertilization program by entering separate concurrent four-year agreements with TimberWest and the Nanaimo Mountain Bike Club, and awarding a four-month biosolids management contract to SYLVIS.

Realizing the value in biosolids through this successful forest fertilization program and diverting the biosolids from landfill is consistent with the RDN's Zero Waste policy, provides beneficial reuse of a resource, reduces cost, and conserves limited landfill capacity. Furthermore, by entering into the two agreements, the RDN supports the potential to transform the area into a key mountain biking destination on Vancouver Island.

2. Do not enter into agreements with TimberWest and the Nanaimo Mountain Bike Club and do not award the biosolids management contract to SYLVIS.

This will end the current forest fertilization program. Biosolids may be sent to the RDN Regional Landfill until a suitable alternative is secured. Disposal of biosolids at the landfill is inconsistent with the RDN's Zero Waste policy, increases RDN costs, and is not recommended.

FINANCIAL IMPLICATIONS

Alternative 1

Managing the Biosolids program and the requirements of the agreements are part of the current budget and services delivered by Wastewater Services staff. Under the Nanaimo Mountain Bike Club Agreement, the RDN and the Club agree to coordinate activities and collaborate on developing an inventory of bike trails and application locations. Wastewater Services has budgeted \$20,000 for this work. Wastewater Services staff will work in consultation with Parks staff to maximize the benefits and efficiency of services delivered to the community under these agreements. Additional costs to the RDN Parks Service related to the biosolids agreements will be included in the Wastewater Services budget.

The current fee to SYLVIS to manage biosolids at the woodlot is \$107.53/tonne (excluding trucking to the woodlot). The fees are estimated at \$162,000 over the four month term based on the annual production of 4,500 tonnes of biosolids.

At this time, alternative 1 represents the most economical option to manage RDN biosolids in the short term, and it is expected the program will continue to be the most financially and environmentally effective long term solution when compared to Alternative 2.

Alternative 2

The current rate for biosolids disposal at the Regional Landfill is \$125/tonne (excluding trucking to the landfill). This represents an incremental cost of \$17.47/tonne, for landfill disposal as compared to woodlot application (trucking costs are comparable and not included in the cost comparison). This alternative will have a negative impact on the landfill's estimated life, and requires additional staff time and potential costs to develop new management options.

STRATEGIC PLAN IMPLICATIONS

Beneficially using RDN biosolids in a forest fertilization program aligns with the 2016-2020 Board Strategic Plan vision for the environment. Biosolids fertilization provides nutrients and organic matter to plants and soils, enabling increased plant growth and improved soil quality. Increased vegetation growth reduces the risk of erosion and thereby enhances surface water quality. In addition, the use of private forest lands for public trail reaffirms the value placed by the Regional Board on the provision of recreational amenities for residents and the development of tourism opportunities for visitors.



Shelley Norum
snorum@rdn.bc.ca
May 1, 2017

Reviewed by:

- S. De Pol, Manager, Wastewater Services
- R. Alexander, General Manager, Regional and Community Utilities
- T. Osborne, General Manager, Recreation and Parks
- P. Carlyle, Chief Administrative Officer

Attachments

1. License Agreement between TimberWest and the RDN
2. Agreement between the RDN and the Nanaimo Mountain Bike Club

LICENCE AGREEMENT

THIS AGREEMENT dated for reference the ____ day of _____, 2017.

BETWEEN:

TIMBERWEST FOREST COMPANY
201 – 648 Terminal Avenue
Nanaimo, British Columbia, V9R 5E2

("TimberWest")

AND:

THE REGIONAL DISTRICT OF NANAIMO
6300 Hammond Bay Road
Nanaimo, British Columbia, V9T 6N2

(the "RDN")

WHEREAS:

- A. TimberWest is the beneficial owner in fee simple of lands legally described as:

PID: 009-842-586
Block 355, Dunsmuir District;

PID: 009-842-616
Block 463, Dunsmuir District, Except Part In Plan 27690; and

PID: 009-438-203
Block 505, Nanoose District;

(collectively, the "TimberWest **Lands**").
- B. The RDN generates municipal Biosolids and wishes to be granted this license to use the TimberWest Lands (the "**Licence Area**"); and
- C. TimberWest has agreed to grant to the RDN a licence over the Licence Area on the terms and conditions set out herein.

NOW THEREFORE in consideration of ten (\$10.00) dollars paid by the RDN to TimberWest and the mutual covenants and agreements herein, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Capitalized words and phrases used in this Agreement have the following meanings:

- (a) "**Applicable Laws**" means (i) all statutes, laws, bylaws, common law, rules, regulations, ordinances, codes, orders, directions or other legal requirements of

any applicable Governmental Authority (including all Environmental Laws), and (ii) any judgment, injunction, order or other similar requirement of any court or other adjudicatory authority (including any Order), in effect at the time in question and in each case to the extent the person or property in question is subject to the same.

- (b) “**Biosolids**” means Class A biosolids or Class B biosolids as defined by the Regulation.
- (c) “**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia.
- (d) “**Common Usage Agreement**” means the agreement in respect of the use and occupation of the TimberWest Lands to be entered into between the RDN and the Society concurrently with this Agreement.
- (e) “**Environmental Laws**” means all Applicable Laws which impose any obligations relating to the protection, conservation or restoration of the natural environment or relating to the storage, use or manufacture of Hazardous Substances or to the release of Hazardous Substances into the environment including the *Fisheries Act* (Canada), the *Canadian Environmental Protection Act* (Canada), the *Transportation of Dangerous Goods Act* (Canada) and the *Environmental Management Act* (British Columbia).
- (f) “**Governmental Authority**” means any federal, provincial, regional, municipal or local government or governmental authority, office or official having jurisdiction, or any political subdivision of any of them, or any entity, authority, agency or court or person exercising executive, legislative, judicial, regulatory or administrative functions on behalf of such government, governmental authority, office or official or other political subdivision thereof.
- (g) “**Hazardous Substance**” means any substance, material or thing or combination of substances, materials or things which could cause an adverse effect on, or which is dangerous or detrimental or potentially dangerous or detrimental to, any part of the natural environment, including a substance, material or thing included in or containing components included in the definition or meaning of “biomedical waste”, “contaminant”, “dangerous good”, “deleterious substance”, “hazardous product”, “nutrient”, “pollutant”, “reportable substance”, “special waste”, “waste” or “toxic substance” or any variation of any such term, in any Environmental Law or which is prohibited, controlled or regulated under any Environmental Law and, in respect of the foregoing, is found in a material or relevant concentration for the purpose of any Environmental Law but does not include Biosolids.
- (h) “**Land Application Plan**” means a Land Application Plan submitted in respect of the Licenced Area pursuant to the Regulation.
- (i) “**Licence Area**” has the meaning set out on the first page of this Agreement
- (j) “**Losses**” has the meaning set out in section 7.2.

- (k) “**Order**” means any directive, decision, order, notice including a notice of litigation or proceeding, letter or other written communication, that is validly issued and requires the taking of any measures or actions or refraining from taking any measures or actions, issued or made by any Governmental Authority under any Environmental Law.
- (l) “**RDN**” has the meaning set out on the first page of this Agreement.
- (m) “**RDN’s Representatives**” means the RDN and its directors, officers, employees, contractors, sub-contractors and agents, as applicable.
- (n) “**Required Insurance**” has the meaning set out in section 9.2.
- (o) “**Regulation**” means the *Organic Matter Recycling Regulation* (British Columbia).
- (p) “**Society**” means the Nanaimo Mountain Bike Club.
- (q) “**Term**” has the meaning set out in section 2.1.
- (r) “**TimberWest**” has the meaning set out on the first page of this Agreement.
- (s) “**TimberWest’s Representatives**” means TimberWest, its related partners and companies and its and their respective directors, officers, shareholders, employees, contractors, sub-contractors, agents and invitees, as applicable.
- (t) “**Wood Harvesting and Operation Plans**” means TimberWest’s plans for road construction, wood harvesting, silviculture and hazard abatement in respect of the TimberWest Lands provided to the RDN pursuant to subsection 5.1(a).
- (u) “**Works**” means any improvements constructed on the Licensed Area by the RDN as permitted by TimberWest, including trails, signs and materials used in the construction of the works.

1.2 In this Agreement, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and a corporation, and the word “including”, when following any general statement, will be construed to refer to all other things that could reasonably fall within the scope of such general statement, whether or not non-limiting language (such as “without limitation” or “without limiting the generality of the foregoing”) is used with reference thereto.

1.3 The captions and headings contained in this Agreement are for convenience only and are not to be construed as defining or in any way limiting the scope or intent of the provisions herein.

1.4 If any provision of this Agreement or any part of a provision is found to be illegal or unenforceable, that part or provision, as the case may be, will be considered separate and severable and the remaining parts or provisions, as the case may be, will not be affected thereby and will be enforceable to the fullest extent permitted by law.

1.5 The following schedules form part of this Agreement:

- Schedule A: The Licence Area
- Schedule B: Contact Information
- Schedule C: Safe Road Use Procedures

ARTICLE 2 TERM

2.1 The duration of this Agreement and the rights herein granted will be for a term of four years commencing on June 1, 2017 and concluding on May 31, 2021 (the “**Term**”), unless earlier terminated in accordance with the terms of this Agreement.

ARTICLE 3 GRANT OF LICENCE

3.1 Subject to the terms and conditions set out in this Agreement, TimberWest hereby grants to the RDN the non-exclusive right and licence for RDN and the RDN’s Representatives to enter onto and use the Licence Area for the purposes of:

- (a) applying Biosolids to those areas defined in the Licence Area; and
- (b) generally doing all acts, things and matters which are reasonably necessary or incidental to:
 - (i) the exercise of the rights granted to the RDN pursuant to the subsections 3.1(a); and
 - (ii) the fulfillment of any of RDN’s obligations under this Agreement,

and for no other purpose without the prior written approval of TimberWest.

3.2 The RDN acknowledges and agrees that:

- (a) TimberWest has not made nor will make any representations or warranties as to the state of the Licence Area, the fitness of such Licence Area for the purposes contemplated in this Agreement or any other matter in any way related to or connected with the Licence Area and the intended use thereof by the RDN. The RDN has satisfied itself with respect to all such matters as it considers necessary or related to or in connection with the Licence Area and its intended use and the RDN is accepting the Licence Area for such use strictly on an “as is, where is” basis;
- (b) the rights granted under this Agreement do not constitute any interest in the Licence Area or entitle the RDN to exclusive possession of the Licence Area or any portion thereof;
- (c) TimberWest may at any time and from time to time prohibit or restrict the exercise of any of the rights granted to the RDN under this Agreement with respect to the Licence Area for such period or periods of time as TimberWest may in its absolute discretion determine should TimberWest consider such prohibition or restriction

necessary or advisable on account of hazardous weather conditions or unreasonable interference with the operations of TimberWest and the RDN will at all times observe and comply with such prohibitions or restrictions;

- (d) TimberWest and TimberWest's Representatives may enter upon and use the Licence Area or any portion thereof at any time for any purpose related to the conduct of TimberWest's business or affairs including the conduct of wood harvesting operations (whether or not such operations have been identified in the Wood Harvesting Operation Plans), and any such uses of the Licence Area by TimberWest or TimberWest's Representatives:
 - (i) will not constitute an interference with the rights granted to the RDN pursuant to section 3.1 or a breach of TimberWest's obligations under this Agreement; and
 - (ii) will prevail in the case of any conflict with the use and occupation of the Licence Area by the RDN or the RDN's Representatives;

provided however that where the operations have not been identified in the Wood Harvesting Operation Plans, TimberWest will give RDN at least twenty Business Days' notice of those operations that may conflict with the RDN's purpose under 3.1(a).

- (e) the RDN's rights under this Agreement are at all times subject to existing conditions, covenants, restrictions, reservations, easements and rights-of-way registered against the TimberWest Lands, including subsurface rights, the lawful exercise of which by the registered holders thereof may interfere with the rights granted to the RDN under this Agreement;
- (f) the RDN's rights under this Agreement are at all times subject to the compliance of the RDN and the RDN's Representatives with the terms and conditions of the Common Usage Agreement;
- (g) TimberWest may grant licences of use and occupation to third parties in respect of the Licence Area for any purpose in TimberWest's sole and absolute discretion; and
- (h) if the RDN fails to perform any of its obligations under this Agreement, TimberWest may after ten days' prior written notice (except in the case of an emergency, in which case no notice will be required) perform such obligations on RDN's behalf and the cost thereof will be due and payable by the RDN within 30 days after the RDN's receipt of an invoice therefor.

ARTICLE 4 COVENANTS OF THE RDN

4.1 The RDN covenants:

- (a) Biosolids Land Application. To adhere to all Applicable Laws when storing and applying Biosolids in the Licence Area.

- (b) Road Maintenance. To maintain those portions of road located within the boundaries of the Licence Area except during periods of forestry activities by TimberWest. The RDN is only responsible for maintaining the roads in a condition similar to the conditions existing as of the date of execution of this Agreement. In no case will the RDN be responsible for maintaining any portion of the roads outside the boundaries of the Licence Area.
- (c) Signage. To maintain signage in the Licence Area to notify the public of Biosolids operations as required by Applicable Laws.
- (d) Permits. To obtain all permits and approvals from any Governmental Authority as may be required for the RDN under the Regulation or to lawfully construct any of the Works and to provide TimberWest with copies of same forthwith upon receipt.
- (e) Rules. To observe, abide by and comply with, and cause the RDN's Representatives to observe, abide by and comply with:
 - (i) any rules and regulations provided to the RDN by TimberWest in respect of the use and occupation of the Licensed Area, including rules related to fire hazards and public safety;
 - (ii) the Safe Road Use Procedures set out in Schedule C, which TimberWest reserves the right to change, from time to time, in its sole discretion and as such rules apply generally or to the RDN specifically;
 - (iii) any condition imposed by TimberWest in connection with any approval granted by TimberWest to the RDN pursuant to this Agreement in respect of the Licensed Area; and
 - (iv) all Applicable Laws of any Governmental Authority with respect to the RDN's use and occupation of the Licensed Area and construction of the Works.
- (f) Construction. Not to Construct any Works on the Licensed Area without the prior written approval of TimberWest, provided that the RDN may construct any Works on the Licensed Area that are described on the Land Application Plan approved by TimberWest in writing.
- (g) Removal of Works. To remove at its cost any Works forthwith upon the written direction of TimberWest if such Work has been constructed without the prior written approval of TimberWest or was not described the Land Application Plan approved by TimberWest in writing, or if such removal is required by TimberWest in connection with the conduct of its business activities, including its wood harvesting operations, on the TimberWest Lands.
- (h) Liens. To pay when due all claims for labour and materials furnished or alleged to have been furnished to or for the RDN on or for use on the Licensed Area, which claims are or may be secured by any liens against the TimberWest Lands or any interest therein, to take all necessary steps to have any such claim of lien removed or withdrawn not later than ten days after becoming aware of same, and if such claim of lien has not been removed or withdrawn within such period, to forthwith

furnish TimberWest with a letter of credit or other security in form and substance acceptable to TimberWest, in an amount equal to the amount of any such claim, and to reimburse TimberWest for all costs and expenses incurred by TimberWest in taking all steps necessary to have such claim of lien removed or withdrawn, including actual legal fees.

- (i) Trees. Not to trim, cut or destroy any trees, whether downed or standing, on the TimberWest Lands without the prior written approval of TimberWest, unless such trimming or cutting is included in the then current Land Application Plan.
- (j) Workmanship. To construct the Works in a good and workmanlike manner.
- (k) Storage. Not to store any tools, apparatus, equipment, supplies or materials on the TimberWest Lands without the prior written consent of TimberWest, in its sole discretion.
- (l) Access. To manage vehicle access and gate keys to the Licenced Area.
- (m) Harmful Activity. Not to commit or permit any wilful or voluntary waste, spoil or destruction on the TimberWest Lands or do or permit to be done thereon anything that is a nuisance or annoyance or is otherwise harmful or potentially harmful to the TimberWest Representatives, occupiers of adjoining lands or third parties, or would render any insurance carried by TimberWest void or increase the premiums of such insurance.
- (n) Fires.
 - (i) Not to start or permit any open fires or any fire menace on the TimberWest Lands except with the prior written approval of TimberWest and then only in strict compliance with all the requirements of the Wildfire Management Branch of the Ministry of Forests, Lands and Natural Resource Operations, TimberWest Lands and Natural Resource Operations and any conditions that may be imposed by TimberWest;
 - (ii) To take every reasonable precaution to prevent the escape of fire on or to any of the TimberWest Lands or timber located on the TimberWest Lands;
 - (iii) To develop and implement fire prevention and suppression measures that comply with the *Wildfire Act* (British Columbia) standards; and to submit a record of those measures to TimberWest for approval; and
 - (iv) To observe, abide by and comply with, and cause the RDN's Representatives to observe, abide by and comply with, all applicable provisions of and regulations under the *Wildfire Act* (British Columbia) and any other statute that has been or may hereafter be made in respect of the prevention and suppression of fires, including the duty to immediately report any wildfire to the Wildfire Management Branch of the Ministry of Forests, Lands and Natural Resource Operations, TimberWest Lands and Natural Resource Operations, a peace officer or a fire emergency response telephone number, and to immediately take action to contain, extinguish or limit the spread of wildfire, if practicable.

- (o) Condition of TimberWest Lands. To keep those portions of the Licensed Area used by the RDN or the RDN's Representatives in a safe, clean and sanitary condition satisfactory to TimberWest, acting reasonably.
- (p) Inspection. To permit TimberWest Representatives to inspect the Licenced Area and to make clean and sanitary any portion of the Licenced Area that TimberWest may direct by notice in writing to the RDN.
- (q) Public Lands. Not to take any action, or cause any person to take any action, to have the TimberWest Lands deemed public lands.
- (r) Public Communications. To obtain TimberWest's prior written consent before making public any new communications or materials of any kind that reference the Licensed Area, or the existence or contents of this Agreement, and to publish communications concerning use of the Licensed Area ("**Public Notifications**") as directed by TimberWest. Where information regarding safety arises, the RDN may make such information available to the public in a timely manner and will immediately advise TimberWest via an email that attaches a copy of all information communicated to the public.
- (s) License Area. To observe and perform all of the RDN's covenants and obligations under the Common Usage Agreement and to strictly use and occupy, and cause the RDN's Representatives to strictly use and occupy, the License Area in strict accordance with the Common Usage Agreement.
- (t) Common Usage Agreement. Not to amend or terminate the Common Usage Agreement without TimberWest's prior written consent.

ARTICLE 5 COVENANTS OF TIMBERWEST

5.1 TimberWest covenants:

- (a) Wood Harvesting Operation Plans. To provide the RDN with the Wood Harvesting Operation Plans for the TimberWest Lands as available from time to time and at least seven days prior to commencement of any planned activity on the TimberWest Lands.
- (b) Road Maintenance. To maintain all roads outside the Licence Area at all times, and maintain all roads within the Licence Area during periods of forestry activities by TimberWest, in each case to a reasonable standard as determined by TimberWest.
- (c) Rules. From time to time, to provide the RDN with any rules and regulations applicable to the use and occupation of the Licence Area by the RDN, including rules related to fire hazards, public safety, and road use.

ARTICLE 6 HAZARDOUS SUBSTANCES

- 6.1 The RDN will not bring or permit to be brought onto the Licence Area, and will not use or permit the use of the Licence Area, or any part thereof, directly or indirectly, for the

handling of, any Hazardous Substance, except in strict compliance with all Applicable Laws and with the prior written approval of TimberWest.

- 6.2 The RDN will not release nor permit the release of any Hazardous Substance into the environment or into culverts or drains on the Licence Area.
- 6.3 If any Hazardous Substance is brought onto the Licence Area or created upon the Licence Area by the RDN or the RDN's Representatives:
 - (a) the RDN will immediately notify TimberWest in writing of the presence of such Hazardous Substance and will take any action in respect of such Hazardous Substance that may be reasonably required by TimberWest forthwith upon receipt of same; and
 - (b) such Hazardous Substance will be the sole and exclusive property of the RDN and not of TimberWest, notwithstanding the expiration or earlier termination of this Agreement.
- 6.4 On or before the expiration or earlier termination of this Agreement, the RDN will remove all Hazardous Substances which have been brought onto or created on or about the Licence Area by the RDN or the RDN's Representatives, including any Hazardous Substances which may have been released into the environment.
- 6.5 Notwithstanding the foregoing, upon written notice to the RDN, TimberWest may undertake remediation of any contamination of the Licence Area at the cost and expense of the RDN, which cost will be paid by the RDN within 30 days after receipt of an invoice therefor.

ARTICLE 7 RISK AND LIMITATION OF LIABILITY

- 7.1 The RDN hereby accepts all risks associated with the use and occupancy of the Licence Area by the RDN as its own risk.
- 7.2 TimberWest will not be liable for, and the RDN hereby releases and discharges TimberWest and TimberWest's Representatives from, all loss, expense (including environmental investigation and remediation expenses), claims, demands, actions, suits, proceedings, judgments, damages, penalties, fines, costs and liability, including damages for loss or restriction in use of the TimberWest Lands, sums paid in settlement of claims, legal fees, consultants' fees and experts' fees, whether arising in contract, tort or otherwise (collectively, the "**Losses**"), which the RDN may suffer, incur or be put to in connection with:
 - (a) any occurrence on the Licence Area; and
 - (b) the use and occupation of the Licence Area by RDN,

except where such losses are caused by the conduct of TimberWest or TimberWest's Representatives on the TimberWest Lands, where such Losses are attributable to the acts, omissions or negligence of TimberWest or TimberWest's Representatives including

Losses attributable to the wilful misconduct or gross negligence of TimberWest or TimberWest's Representatives.

ARTICLE 8 INDEMNIFICATION

- 8.1 The RDN will indemnify and save harmless TimberWest and TimberWest's Representatives from and against all Losses which are in any manner based upon, arise out of or are connected with:
- (a) the use or occupation of the Licence Area by the RDN or the RDN's Representatives;
 - (b) any breach by the RDN of any of the terms or conditions of this Agreement; and
 - (c) the presence of any Hazardous Substance in, upon, above, under or in the vicinity of the Licence Area caused by the RDN or the RDN's Representatives, and for greater certainty, Losses incurred by TimberWest to remediate any such Hazardous Substances, required to be carried out by law or pursuant to an order of a Governmental Authority, are subject to this indemnity.

ARTICLE 9 INSURANCE

- 9.1 The RDN, at its expense, will obtain and keep in force at all times during the Term:
- (a) commercial general liability insurance in an amount not less than \$5,000,000 per occurrence, including non-owned automobile liability insurance in an amount not less than \$5,000,000 per occurrence, against liability for personal injury, bodily injury, death and broad form property damage or loss, arising from accidents or occurrences on or in the vicinity of the Licence Area due to the use or occupation of the Licence Area by the RDN or the RDN's Representatives for the purposes set out in section 3.1; and
 - (b) broad form fire-fighting expenses liability insurance in an amount not less than \$1,000,000 per occurrence.
- 9.2 Every policy of insurance required to be maintained by the RDN under this Agreement (the "**Required Insurance**") will:
- (a) name TimberWest as an additional insured;
 - (b) be placed with insurers licenced to do business in Canada with at least an "A" financial strength rating or better by A.M. Best;
 - (c) be primary and will not require the sharing of any loss by any insurer that insures TimberWest;
 - (d) contain a provision for cross liability and a severability of interest provision; and

- (e) be endorsed to provide that the insurer will not make any material adverse changes to the policy that would impact the insurance required under this Agreement without first giving TimberWest at least 30 days' prior written notice.
- 9.3 The RDN will, as soon as reasonably possible deliver to TimberWest a certificate of insurance evidencing placement of the Required Insurance. The RDN will, upon written request of any TimberWest deliver to TimberWest such other evidence of insurance as may be reasonably requested by TimberWest.
- 9.4 If the RDN does not obtain or maintain in force the Required Insurance or provide proof of such insurance within 30 days of request by written notice by TimberWest, TimberWest may take out the Required Insurance and pay the premiums, and the RDN will reimburse TimberWest for such premiums.

ARTICLE 10 TERMINATION

- 10.1 TimberWest may terminate this Agreement and the rights herein granted in respect of the Licence:
- (a) immediately on written notice to the RDN if the RDN breaches or fails to comply with any of its material obligations under this Agreement and fails to remedy the breach or failure within 15 days of receiving written notice of such breach or failure or, if such breach or failure reasonably requires more than 15 days to remedy, if the RDN has not commenced diligently remedying such breach or failure within twenty (20) days of receipt of such notice or thereafter fails to continue to diligently and expeditiously remedy such breach or failure;
 - (b) on 10 day's prior written notice to the RDN if the Common Usage Agreement ceases to be a valid and binding agreement or in the event of a breakdown in the relationship between the RDN and the Society;
 - (c) on six months' prior written notice to the RDN for any reason, as determined by TimberWest in its sole discretion; or
- 10.2 The RDN may terminate this Agreement in respect of the Licence Area, for any reason, in its sole discretion, on three months' prior written notice to TimberWest.
- 10.3 On the expiration or earlier termination of this Agreement, at its expense the RDN will:
- (a) remove from the Licence Area all of its vehicles, machinery, equipment, apparatus, and materials and supplies; and
 - (b) deliver possession of the Licence Area to TimberWest in the same condition as received, ordinary wear and tear and approved Biosolids applications excepted; and
 - (c) unless otherwise directed by TimberWest, remove from the Licenced Area all Works constructed by the RDN.

- 10.4 If the RDN does not fulfill its obligations set out in section 10.3 within 30 days of the expiration or earlier termination of this Agreement, TimberWest may elect to complete such obligations on the RDN's behalf and the cost thereof will be due and payable by the RDN within 60 days after receipt of an invoice therefor.
- 10.5 Upon the expiration or earlier termination of this Agreement, all outstanding obligations remaining or being unfulfilled as at the date of expiration or termination and all of the provisions of this Agreement relating to the obligation of the RDN to perform actions or to account to or to indemnify TimberWest and pay to TimberWest any monies owing as at the date of expiration or termination in connection with this Agreement will survive such expiration or termination.
- 10.6 The RDN will not be entitled to any compensation, whether for damages or otherwise, in respect of a permitted termination of this Agreement by TimberWest under this Article.

ARTICLE 11 NOTICE

- 11.1 Each party's contact information for purposes of routine communications regarding (i) public communications and notifications and (ii) general operations in connection with this Agreement is attached as Schedule B. Each party will endeavor to inform the other party in a timely manner when such contact information has been changed and any such changes will not be deemed to be amendments to this Agreement.
- 11.2 Any demand, notice or other communication to be given in connection with this Agreement, other than the routine communications described in section 11.1, must be given in writing and will be given by registered mail or by electronic means of communication addressed to the recipient as follows:

To TimberWest:

201 – 648 Terminal Avenue
Nanaimo, British Columbia
V9R 5E2

Fax: (250) 716-3763
E-mail: iannidinardod@timberwest.com

Attention: Domenico Iannidinardo, VP, Sustainability & Chief Forester

To the RDN:

6300 Hammond Bay Road
Nanaimo, British Columbia
V9T 6N2

Fax: (250) 390-1542
E-mail: sdepol@rdn.bc.ca

Attention: Sean De Pol, Manager, Wastewater Services

or to such other street address, individual or electronic communication number or address as may be designated by notice given by any party to the other parties. Any demand, notice or other communication will be conclusively deemed to have been given, if given by registered mail, on the fifth Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of registered mail, any such demand, notice or other communication may not be mailed but must be given by electronic communication.

ARTICLE 12 MISCELLANEOUS

- 12.1 Costs and Expenses. Except as otherwise expressly set out in this Agreement, each party will be solely responsible for all costs and expenses it incurs in:
- (a) preparing, reviewing and negotiating this Agreement; and
 - (b) fulfilling any of its obligations under this Agreement.
- 12.2 Ownership of Works. Subject to subsection 4.1(g), immediately upon completion of the construction of any Works on the Licenced Area such Works will become the property of TimberWest. Notwithstanding the foregoing, all right, title and interest in any Works the RDN is required to remove from the Licensed Area pursuant to subsections 4.1(g) or 10.3(c) will be deemed to vest automatically in the RDN immediately upon such removal.
- 12.3 Annual Review. The parties will endeavor to meet annually to discuss the operation of this Agreement and whether any amendments thereto are required.
- 12.4 Governing Law / Exclusive Jurisdiction. This Agreement will be construed and governed in accordance with the laws of British Columbia and Canada applicable therein, which will be deemed to be the proper law hereof, and the courts of British Columbia will have the exclusive jurisdiction to determine all claims and disputes arising out of or in any way connected with this Agreement.
- 12.5 Assignment. The RDN will not assign, transfer or sublicense this Agreement in whole or in part without the prior written consent of TimberWest, which consent TimberWest may withhold.
- 12.6 Waiver. No term, condition, covenant or other provision herein will be considered to have been waived by TimberWest unless such waiver is expressed in writing by TimberWest. Any such waiver of any term, condition, covenant or other provision herein will not be construed as or constitute a waiver of any further or other breach of the same or any other term, condition, covenant, or other provision and the consent or approval of TimberWest to any act by the RDN requiring the consent or approval of TimberWest will not be considered to waive or render unnecessary such consents or approvals to any subsequent similar act by the Association.

- 12.7 Remedies Cumulative. No remedy conferred upon or reserved to TimberWest under this Agreement is exclusive of any other remedy herein or provided by law, but such remedy will be cumulative and will be in addition to any other remedy herein or hereafter existing at law, in equity, or by statute.

- 12.8 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

- 12.9 Successors. The terms and provisions of this Agreement will extend to, be binding upon and enure to the benefit of the parties hereto and their successors and permitted assigns.

- 12.10 Time. Time is of the essence in this Agreement.

- 12.11 Further Assurances. Each of the parties will do or cause to be done all things and execute or cause to be executed all documents and give such further and other assurances which may be reasonably necessary to give proper effect to the intent of this Agreement.

- 12.12 Counterparts and Electronic Transmission. This Agreement may be executed by the parties in counterparts and transmitted by electronic means, and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had delivered an executed original Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

by TimberWest:

by the RDN:

**TIMBERWEST FOREST COMPANY, by its
Managing Partner, TIMBERWEST
FOREST CORP.**

THE REGIONAL DISTRICT OF NANIAMO

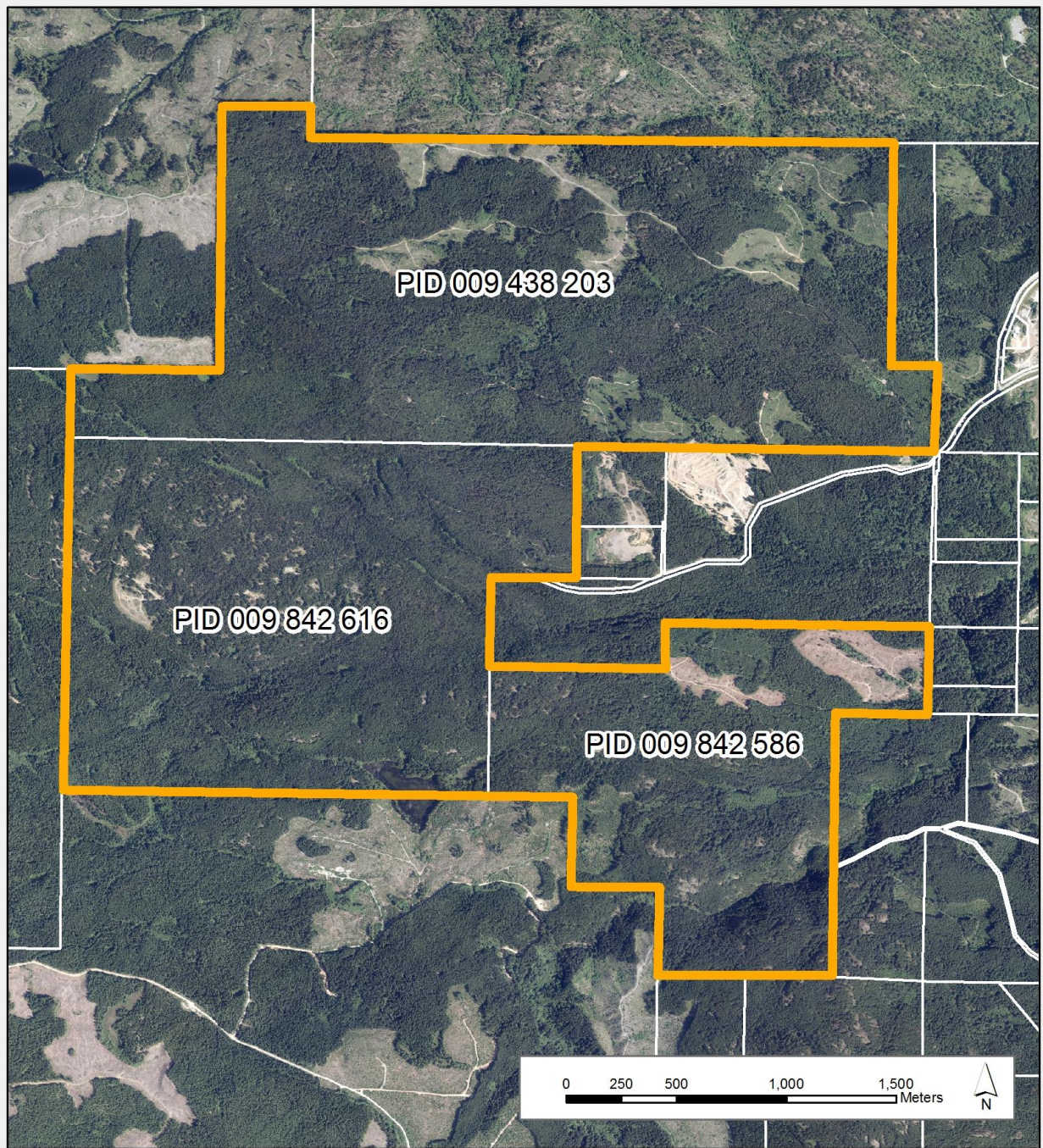
By: _____
Authorized Signatory

By: _____
Authorized Signatory



By: _____
Authorized Signatory

By: _____
Authorized Signatory

**SCHEDULE A
THE LICENCE AREA**



**SCHEDULE B
CONTACT INFORMATION**

Party	Public Communications and Notifications	General Operations
	<p>Primary: Monica Bailey (250)716-3711 baileym@timberwest.com</p> <p>Secondary: Patti Pearce (250)716-3752 pearcep@timberwest.com</p>	<p>Primary: Ken Dodd (250)716-3772 doddk@timberwest.com</p> <p>Secondary: Richard Stevens (250)716-3723 stevensr@timberwest.com</p>
	<p>Primary: Shelley Norum (250)390-6575 snorum@rdn.bc.ca</p> <p>Secondary: Sean De Pol 250-390-6547 sdepol@rdn.bc.ca</p>	<p>Primary: Sean De Pol 250-390-6547 sdepol@rdn.bc.ca</p> <p>Secondary: Ian Lundman 250-751-5580 ilundman@rdn.bc.ca</p>

SCHEDULE C “TIMBERWEST SAFE ROAD USE PROCEDURES”

The following procedures apply to all TimberWest resource roads. All users must be familiar with these procedures to ensure safe traveling conditions for all authorized industrial and recreational road users. In the event these procedures conflict with the user’s own policies the TimberWest safe road use procedures will take priority. If a Prime Contractor has been designated to a specific road, they may have additional procedures that supplement TimberWest’s, which will be specified during prework discussions (where applicable).

All vehicles:

- All road users (industrial, authorized recreational) must be fully licensed with correct endorsements, adequately insured for the vehicles intended use and follow all applicable driving legislation.
- Check with the local TimberWest office to ensure you have contact information for the designated Prime Contractor, if your vehicle is equipped with a radio you must have the correct communication channel(s) and know the current status of log hauling and other industrial use on the desired roads of travel. Generally all South Island road traffic is on the South Island Road Channel 153.110 tx/rx, Tone 203.5 unless otherwise posted. Similarly, North Island traffic monitors the “Haul Channel” (158.430 tx/rx) and TFL 47 traffic is location specific (contact TimberWest for this information).
- Follow the posted speed limits (Maximum 60 km/hr or less if not posted) with headlights/taillights on at all times.
- Observe and obey all posted signage.
- All traffic must drive on the right-hand side of the road.
- Drive by the road conditions and visibility (sight lines, dust or weather related visibility). Roads are radio assisted not radio controlled. Drive accordingly and expect the unexpected.
- Deactivated roads may or may not be posted. It is suggested that you obtain information regarding road deactivation status from TimberWest before you begin your trip.
- Maintain safe distances when following other vehicles and use extra caution when driving in dusty conditions. Also use extreme caution when overtaking slower vehicles.
- Always give industrial traffic the right-of-way. (Pull over and stop).
- When passing logging trucks, low beds, graders, etc. make sure the operator is aware of your intentions and signals you verbally or visually before proceeding to pass; then pass only when road conditions are favourable.
- Watch out for “sweepers” which are very long logs hauled on logging trucks. They can hang over the back of the trailer up to 6 meters and on a tight corner could sweep a vehicle off the road.
- Do not block the road or stop on the running surface for any reason – logging trucks require a lot of room for safe travel and to safely stop. Do not impede their access at any time. It is essential that logging trucks be able to use the roads without delays. If you must stop, find a turnout or wide spot and park well off the road.
- Be aware that off highway trucks with wide bunks have very little opportunity to move off the center of the road grade, except on wide mainlines. Ensure you find a turnout that enables the logging truck adequate clearance for safe passage.
- Report vandalism or other suspicious activities to a TimberWest representative.
- Report all hazards immediately to Prime Contractor or TimberWest representative.

Industrial:

- All vehicles and drivers must comply with applicable rules and regulations (WorkSafe BC, Department of Transportation, MFLNRO statutes and legislation, National Safety Code, and Motor Vehicle Act, etc.) that will ensure proper driving, loading, securing, inspection and maintenance.
- Down/Loaded vehicles have the right-of-way.
- TimberWest typically maintains the bridge infrastructure to support L165 tons. For active crossings that support less than L165, TimberWest identifies the load rating with posted signage stating the load rating in the field (i.e. L100, L75, 5 tonnes/pickup, etc.). In the event users have concerns, contact TimberWest representative for assistance.

Note: Notify TimberWest Contract Manager or designated TimberWest representative prior to walking (point loading) across structures with equipment 75 tonnes or greater so TimberWest can ensure structure can safely support the weight.

RADIO CALLING:

Known Hazards

<ul style="list-style-type: none">1. Losing track of your location2. Losing track of other vehicles location3. Meeting oncoming vehicles without a radio4. Not following calling procedures	<ul style="list-style-type: none">5. Unnecessary radio chatter6. Using the wrong frequency7. “Walking over” other calls8. Being distracted (i.e. phones, music, passengers)
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Procedures:

1. The terms “**UP**” for increasing numbers and “**DOWN**” for decreasing numbers are the preferred methods for calling, although users may at times hear “**EMPTY**” for increasing and “**LOADED**” for decreasing. North Island’s practice is for logging truck traffic to use “**LOADED/EMPTY**”, and all other traffic to use “**UP/DOWN**” in order to identify direction of travel.
2. Preferred Radio Call: **Road name** followed by the **kilometer** position then **Up** or **Down** (e.g. “North Shore ... 2 km ... Up”).
3. **All vehicles should call their location/direction of travel:**
 - When entering or leaving a road system.
 - Whenever there is a road frequency/channel change.
 - Whenever you are stopping and parking on the road, and again when you resume.
 - When encounter a vehicle without a radio (Identify the vehicles position and direction of travel).
4. **Radio Calling protocol – loaded vehicles:**
 - Loaded vehicles (i.e. logging trucks, gravel trucks, lowbeds, and fuel trucks) must call at minimum every two km’s, preferably every km when traffic is near, regardless of direction of travel.

5. **Radio Calling protocol** – all other vehicles, regardless of direction of travel:
 - Must call every km when within three km's of oncoming radio assisted traffic.
 - As a courtesy, should call every five km's.
 - As a courtesy, identify themselves: pick-up, low-bed, fuel truck, grader, etc. (i.e. "pick-up... North Shore ... 2 km... Up").
6. **Convoy calling:**
 - The lead vehicle is responsible for calling for all vehicles within the convoy. (i.e. "Convoy of 4 pickups...North Shore...13 km...UP")

Remember, roads are radio assisted – not radio controlled, drive accordingly!

AGREEMENT

THIS AGREEMENT made this _____ day of _____, 2017.

BETWEEN:

THE REGIONAL DISTRICT OF NANAIMO

6300 Hammond Bay Road
Nanaimo, British Columbia V9T 6N2

(the "**RDN**")

OF THE FIRST PART

AND:

THE NANAIMO MOUNTAIN BIKE CLUB

5732 Hammond Bay Road
Nanaimo, British Columbia V9T 5N2

(the "**Society**")

OF THE SECOND PART

WHEREAS:

- A. The RDN and the Society have each entered into Licences of Occupation with TimberWest Forest Company over lands beneficially owned by TimberWest Forest Company legally described as:

PID: 009-842-586
Block 355, Dunsmuir District;

PID: 009-842-616
Block 463, Dunsmuir District, Except Part In Plan 27690; and

PID: 009-438-203
Block 505, Nanoose District.

Collectively, (the "**TimberWest Lands**");

- B. The Society has a Licence of Occupation to use a portion of TimberWest Lands for the purposes of establishing a designated mountain bike area including a network of managed trails for mountain biking;
- C. The RDN has a Licence of Occupation to use a portion of TimberWest Lands for the purposes of the application of biosolids as fertilizer in accordance with its

Biosolids Application Program;

- D. RDN and the Society have agreed to share information and coordinate their respective uses of the TimberWest Lands in accordance with the terms and conditions set out in this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements herein, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

ARTICLE 1 INTERPRETATION

- 1.1 Capitalized words and phrases used in this Agreement have the following meanings:
- (a) **“Biking Area”** means those areas shown in orange diagonal lines on Schedule “A” as biking area.
 - (b) **“Biosolids Area”** means those areas shown in green crosshatching on Schedule “A” as biosolids area.
 - (c) **“Future Bike Trails”** mean new proposed bike trails on the TimberWest Lands that are approved under the Trail Management Plan.
 - (d) **“RDN Licence of Occupation”** means a Licence Agreement between RDN and TimberWest Forest Company for the RDN’s use of the TimberWest Lands for its biosolids application program.
 - (e) **“RDN’s Representatives”** means the RDN’s directors, officers, employees, contractors, subcontractors, agents and invitees.
 - (f) **“Road Use Rules”** are the rules established by TimberWest and set out in Schedule “B”.
 - (g) **“Society’s Licence of Occupation”** means an Agreement between the Society and TimberWest Forest Company over the TimberWest Lands for purpose of the Society’s creation and use of mountain bike trails.
 - (h) **“Society’s Representatives”** means the Society’s directors, officers, members, contractors, subcontractors, agents and invited guests.
 - (i) **“Trail Management Plan”** means a comprehensive Trail Management Plan that describes all projects the Society plans to undertake in respect of

the construction and maintenance of existing and proposed bike trails for the next calendar year, where such management plan establishes priorities and identifies funding sources for the projects (“Works”) and identifies the portions of the TimberWest Lands that will be affected by the Works.

- 1.2 In this Agreement, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and a corporation, and the word “including”, when following any general statement, will be construed to refer to all other things that could reasonably fall within the scope of such general statement, whether or not non-limiting language (such as “without limitation” or “without limiting the generality of the foregoing”) is used with reference thereto.
- 1.3 The captions and headings contained in this Agreement are for convenience only and are not to be construed as defining or in any way limiting the scope or intent of the provisions herein.
- 1.4 If any provision of this Agreement or any part of a provision is found to be illegal or unenforceable, that part or provision, as the case may be, will be considered separate and severable and the remaining parts or provisions, as the case may be, will not be affected thereby and will be enforceable to the fullest extent permitted by law.
- 1.5 All schedules attached to this agreement form part of this Agreement.

ARTICLE 2 TERM

- 2.1 The term of this Agreement is from the 1st day of June, 2017 to the 31st day of May, 2021, unless earlier terminated in accordance with the terms of the Agreement.

ARTICLE 3 SOCIETY’S AGREEMENTS

- 3.1 The Society agrees within 90 days of entering into this Agreement, to produce and provide to the RDN a trail inventory of existing bike trails.
- 3.2 The Society shall develop and implement a Trail Management Plan and provide to the RDN a copy of the Trail Management Plan within 120 days of the execution and delivery of this Agreement, and update and submit annually, within 30 days of the Anniversary of this Agreement, a copy of an updated Trail Management Plan.
- 3.3 Following completion of the trail inventory and the Trail Management Plan, changes to the Biosolids Area and the Biking Area may be required. If required,

the RDN and the Society, acting reasonably and cooperatively, may define and agree on a Future Bike Trails in the Biosolids Area and future biosolids application area in the Biking Area.

- 3.4 The Society agrees to develop trail difficulty ratings and signage and to post these ratings and signs at the commencement of the trails managed under the Trail Management Plan, and any Future Bike Trails.
- 3.5 The Society agrees to communicate the rules and regulations applicable to the Bike Trail, trails managed under the Trail Management Plan, and any Future Bike Trails to public users and its members by:
 - (a) posting them on the Society's website;
 - (b) posting them at trailforks.com; and
 - (c) presenting them at public information meetings and open houses.
- 3.6 The Society agrees to construct and maintain the trails managed under the Trail Management Plan, and Future Bike Trails to Whistler Trail Standards attached as Schedule "C".
- 3.7 The Society agrees to follow the Road Use Rules attached as Schedule B.
- 3.8 The Society agrees to cease using any existing bike trails on the Biosolids Area for the purposes of approved Society activities, rides and events.
- 3.9 The Society's agreements and obligations herein apply exclusively to approved activities of the Society, including Society rides, events and activities on the TimberWest Lands, pursuant to the Society's rights under the Society's License of Occupation. The Society takes no responsibility for recreational users of the TimberWest Lands who use the trails outside of the Society's control, except to the extent that the Society has agreed to educate recreational users and develop, rate, sign, and maintain trails managed under the Trail Management Plan in accordance with the Trail Management Plan and Whistler Trail Standards.
- 3.10 The Society's agreements and obligations herein apply to trails approved by the Society and identified as such on the Trail Management Plan and the educational material produced by the Society. The Society is not responsible for deactivating trails that were not previously approved by the Society and managed under the Trail Management Plan.
- 3.11 The Society agrees to participate with the RDN in the development of a Communications Plan.

- 3.12 The Society agrees to participate in an annual open house at the TimberWest Lands to promote the shared use of the TimberWest Lands.

ARTICLE 4 RDN'S AGREEMENTS

- 4.1 In continuing to apply biosolids fertilization on a portion of TimberWest Lands as contemplated in RDN's Licence of Occupation, the RDN agrees not to apply the biosolids fertilization within 30 metres of Future Bike Trails.
- 4.2 Following completion of the trail inventory and the Trail Management Plan, changes to the Biosolids Area and the Biking Area may be required. If required, the RDN and the Society, acting reasonably and cooperatively, may define and agree on a Future Bike Trails in the Biosolids Area and future biosolids application area in the Biking Area.
- 4.3 The RDN agrees that it will not apply biosolids fertilization or any other product licensed by TimberWest under the RDN's License of Occupation, on the Biking Area except with the approval of the Society.
- 4.4 The RDN agrees that if it spreads biosolids Future Bike Trails, or within the Biking Area, or the 30 meter boundary areas (collectively, the "Protected Area"), the RDN will remediate and remove all biosolids material, at its own expense absolutely, from the Protected Area within a reasonable period of time of the RDN becoming aware that biosolids has been spread on the Protected Area.
- 4.4 RDN agrees within 90 days of entering into this Agreement, at an expense not to exceed \$20,000, to collect data on the inventory of existing mountain Bike Trails on the TimberWest Lands and provide that data to the Society for the purposes of the Society supplementing the data with the trail features and difficulty rating.
- 4.5 The RDN agrees to participate with the Society in the development of a Communications Plan.
- 4.6 The RDN agrees to participate in an annual open house at the TimberWest Lands to promote the shared use of the TimberWest Lands.

ARTICLE 5

- 5.1 The parties agree with each other to cooperate and work closely together to manage the interactions between the RDN's Biosolids Application Program and the Society and the Society's Representatives use of trails managed under the Trail Management Plan, and Future Bike Trails.

ARTICLE 6 RECIPROCAL RELEASE AND INDEMNIFICATION

- 6.1 The Society will not be liable for, and the RDN hereby releases and discharges the Society and the Society's Representatives from, all loss, expense, claims, demands, actions, suits, proceedings, judgments, damages, penalties, fines, costs and liability, including damages for loss or restriction in use of the TimberWest Lands, sums paid in settlement of claims, legal fees, consultant fees and expert fees, whether arising in contract, tort or otherwise (collectively, the "**Losses**") which the RDN may suffer, incur, or be put to in connection with:
- a) the use or occupation of the TimberWest Lands by the RDN or the RDN's Representatives; or
 - b) the Society or the Society's Representatives on the TimberWest Lands, whether or not such Losses are attributable to the acts, omissions or negligence of the Society or the Society's Representatives, unless such Losses are attributable to the wilful misconduct or gross negligence of the Society or the Society's representatives.
- 6.2 The RDN will not be liable for, and the Society hereby releases and discharges the RDN and the RDN's Representatives from, all loss, expense, claims, demands, actions, suits, proceedings, judgments, damages, penalties, fines, costs and liability, including damages for loss or restriction in use of the TimberWest Lands, sums paid in settlement of claims, legal fees, consultant's fees and expert fees, whether arising in contract, tort or otherwise (collectively, the "**Losses**") which the Society or the Society's Representatives may suffer, incur or be put to in connection with:
- a) the use or occupation of the TimberWest Lands by the Society and the Society's Representatives; or
 - b) conduct of the RDN or the RDN's Representatives on the TimberWest Lands, whether or not such Losses are attributable to the acts, omissions or negligence of the RDN or the RDN's Representatives, unless such Losses are attributable to the wilful misconduct or gross negligence of the RDN or the RDN's Representatives.
- 6.3 The RDN will indemnify and save harmless the Society and the Society's Representatives from and against all loss, expense, claims, demands, actions, suits, proceedings, judgments, damages, penalties, fines, costs and liability, including damages for loss or restriction in use of the TimberWest Lands, sums paid in settlement of claims, legal fees, consultant fees and expert fees, whether arising in contract, tort or otherwise (collectively, the "**Losses**") which are in any manner based upon, arise out of or connected with:
- (a) the use or occupation of the TimberWest Lands by the RDN or the RDN's Representatives; and

- (b) the conduct of RDN or the RDN's Representatives on the TimberWest Lands.
- 6.4 The Society will indemnify and save harmless the RDN and the RDN's Representatives from and against all loss, expense, claims, demands, actions, suits, proceedings judgments, damages, penalties, fines, costs and liability, including damages for loss or restriction in use of the TimberWest Lands, sums paid in settlement of claims, legal fees, consultant fees and expert fees, whether arising in contract, tort or otherwise (collectively, the "**Losses**") which are in any manner based upon, arise out of or connected with:
- (a) the use or occupation of the TimberWest Lands by the Society or the Society's Representatives; and
 - (b) the conduct of Society or the Society's Representatives on the TimberWest Lands.

ARTICLE 7 INSURANCE

- 7.1 The Society, at its expense, will maintain liability insurance that meets the requirements of the Society's License of Occupancy ("Society Insurance").
- 7.2 Every policy of insurance required to be maintained by the Society under this Agreement (the "**Required Insurance**") will:
- (a) name RDN as additional insureds;
 - (b) provide for deductibles in amounts not greater than \$2,500 unless otherwise agreed to in writing by the RDN;
 - (c) be placed with insurers licensed to do business in Canada with at least an "A" financial strength rating or better by A.M. Best;
 - (d) be primary and will not require the sharing of any loss by any insurer that insures the RDN;
 - (e) contain a provision for cross liability and a severability of interest provision; and
 - (f) be endorsed to provide that the insurer will not make any material adverse changes to the policy that would impact the insurance required under this Agreement without first giving each of the insureds at least 30 days' prior written notice.

- 7.3 The Society will, as soon as reasonably possible, deliver to the RDN a certificate of insurance evidencing placement of the Required Insurance. The Society will, upon written request of the RDN deliver to the RDN other evidence of insurance as may be reasonably requested by the RDN.
- 7.4 The RDN will maintain liability insurance that meets the requirements of the RDN's License of Occupancy ("RDN Insurance").
- 7.5 Following the implementation of the insurance referenced in section 7.4, the RDN will advise the Society of any increase in the cost of the RDN's liability insurance arising out of the Society's use of the TimberWest Lands and the reason for such increase. If the Society is unable or unwilling to adjust its activities to eliminate such increase in the RDN's insurance costs, the Society will reimburse the RDN upon written request for the amount of such increase.
- 7.6 The Society will not do anything on the TimberWest Lands that will cause any Required Insurance to be invalidated or cancelled, and the Society will take all reasonable steps forthwith to comply with every lawful notice in writing from any insurer providing such policies requiring the execution of works or discontinuance of any use of the TimberWest Lands in order to avoid invalidation or cancellation of any such insurance.
- 7.7 The Society hereby fully releases and discharges the RDN from any and all direct or indirect losses, costs, liabilities and damages caused by or resulting from any of the perils or injury against which it has covenanted in this Agreement to insure, as defined in the Required Insurance, even if the Society has failed to obtain the Required Insurance.
- 7.8 The RDN hereby fully releases and discharges the Society from any and all direct or indirect losses, costs, liabilities and damages caused by or resulting from any of the perils or injury against which it has covenanted in this Agreement to insure, even if the RDN has failed to so insure.
- 7.8 If the Society does not obtain or maintain in force the Required Insurance or provide proof of such insurance within 30 days of request by written notice by the RDN may take out the Required Insurance and pay the premiums, and the Society will reimburse the RDN for such premiums.
- 7.9 The RDN is insured against claims in negligence with the Municipal Insurance Association.

ARTICLE 8 TERMINATION

- 8.1 This Agreement terminates prior to the expiry of its Term in the event that the RDN's or the Society's Licence of Occupation expires or is terminated.

- 8.2 Each party to this Agreement may terminate this Agreement by giving to the other party Sixty (60) days written notice for any reason as determined by each party in its sole discretion.
- 8.3 Each party may terminate this Agreement if the other party breaches or fails to comply with any of its obligations under this Agreement and fails to remedy the breach or failure within Thirty (30) days of receiving written notice of such breach or failure, or if such breach or failure reasonably requires more than Thirty (30) days to remedy, if either party has not commenced diligently remedying such breach or failure within Ten (10) days of receipt of such notice or thereafter fails to continue to diligently and expeditiously remedy such breach or failure.

ARTICLE 9 NOTICE

- 9.1 It is hereby mutually agreed that any notice required to be given under this Agreement will be deemed to be sufficiently given:
- (a) to be delivered at the time of delivery; and
 - (b) if mailed from any government post office in the Province of British Columbia by prepaid registered mail addressed as follows:

if to the RDN:

6300 Hammond Bay Road
Nanaimo BC
V9T 6N2

if to the Society:

5732 Hammond Bay Road
Nanaimo BC
V9T 5N2

Unless otherwise specified herein, any notice required to be given under this Agreement by any party will be deemed to have been given if mailed by prepaid registered mail, or sent by facsimile transmission, or delivered to the address of the other party set forth on the first page of this Agreement or at such other address as the other party may from time to time direct in writing, and any such notice will be deemed to have been received if mailed or faxed, 72 hours after the time of mailing or faxing and, if delivered, upon the date of delivery. If normal mail service or facsimile service is interrupted by strike, slow down, force majeure or other cause, then a notice sent by the impaired means of communication will not be deemed to be received until actually received, and the party sending the

notice must utilize any other such services which have not been so interrupted or must deliver such notice in order to ensure prompt receipt thereof.

**ARTICLE 10
TIME**

10.1 Time is to be the essence of this Agreement.

**ARTICLE 11
BINDING EFFECT**

11.1 This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, administrators, executors, successors, and permitted assignees.

**ARTICLE 12
WAIVER**

12.1 The waiver by a party of any failure on the part of the other party to perform in accordance with any of the terms or conditions of this Agreement is not to be construed as a waiver of any future or continuing failure, whether similar or dissimilar.

**ARTICLE 13
HEADINGS**

13.1 Section and paragraph headings are inserted for identification purposes only and do not form a part of the Agreement.

**ARTICLE 14
LANGUAGE**

14.1 Wherever the singular, masculine and neuter are used throughout this Agreement, the same is to be construed as meaning the plural or the feminine or the body corporate or politic as the context so requires.

**ARTICLE 15
CUMULATIVE REMEDIES**

15.1 No remedy under this Agreement is to be deemed exclusive but will, where possible, be cumulative with all other remedies at law or in equity.

**ARTICLE 16
LAW APPLICABLE**

16.1 This Agreement is to be construed in accordance with and governed by the laws

applicable in the Province of British Columbia.

**ARTICLE 17
RELATIONSHIP OF PARTIES**

- 17.1 No provision of this Agreement shall be construed to create a partnership or joint venture relationship, an employer-employee relationship, a landlord-tenant, or a principal-agent relationship.

**ARTICLE 18
AMENDMENT**

- 18.1 This Agreement may not be modified or amended except by the written agreement of the parties.

**ARTICLE 19
INTEGRATION**

- 19.1 This Agreement contains the entire agreement and understanding of the parties with respect to the matters contemplated by this Agreement and supersedes all prior and contemporaneous agreements between them with respect to such matters.

**ARTICLE 20
SURVIVAL**

- 20.1 All representations and warranties set forth in this Agreement and all provisions of this Agreement, the full performance of which is not required prior to a termination of this Agreement, shall survive any such termination and be fully enforceable thereafter.

**ARTICLE 21
NOTICE OF VIOLATIONS**

- 21.1 Each party shall promptly notify the other party of any matter which is likely to continue or give rise to a violation of its obligations under this Agreement.

**ARTICLE 22
ENTIRE AGREEMENT**

- 22.1 The whole agreement between the parties is set forth in this document and no representations, warranties or conditions, express or implied, have been made other than those expressed.

**ARTICLE 23
SEVERABILITY**

23.1 Each article of this Agreement shall be severable. If any provision of this Agreement is held to be illegal or invalid by a Court of competent jurisdiction, the provision may be severed and the illegality or invalidity shall not affect the validity of the remainder of this Agreement.

**ARTICLE 24
COUNTERPART AND ELECTRONIC TRANSMISSION**

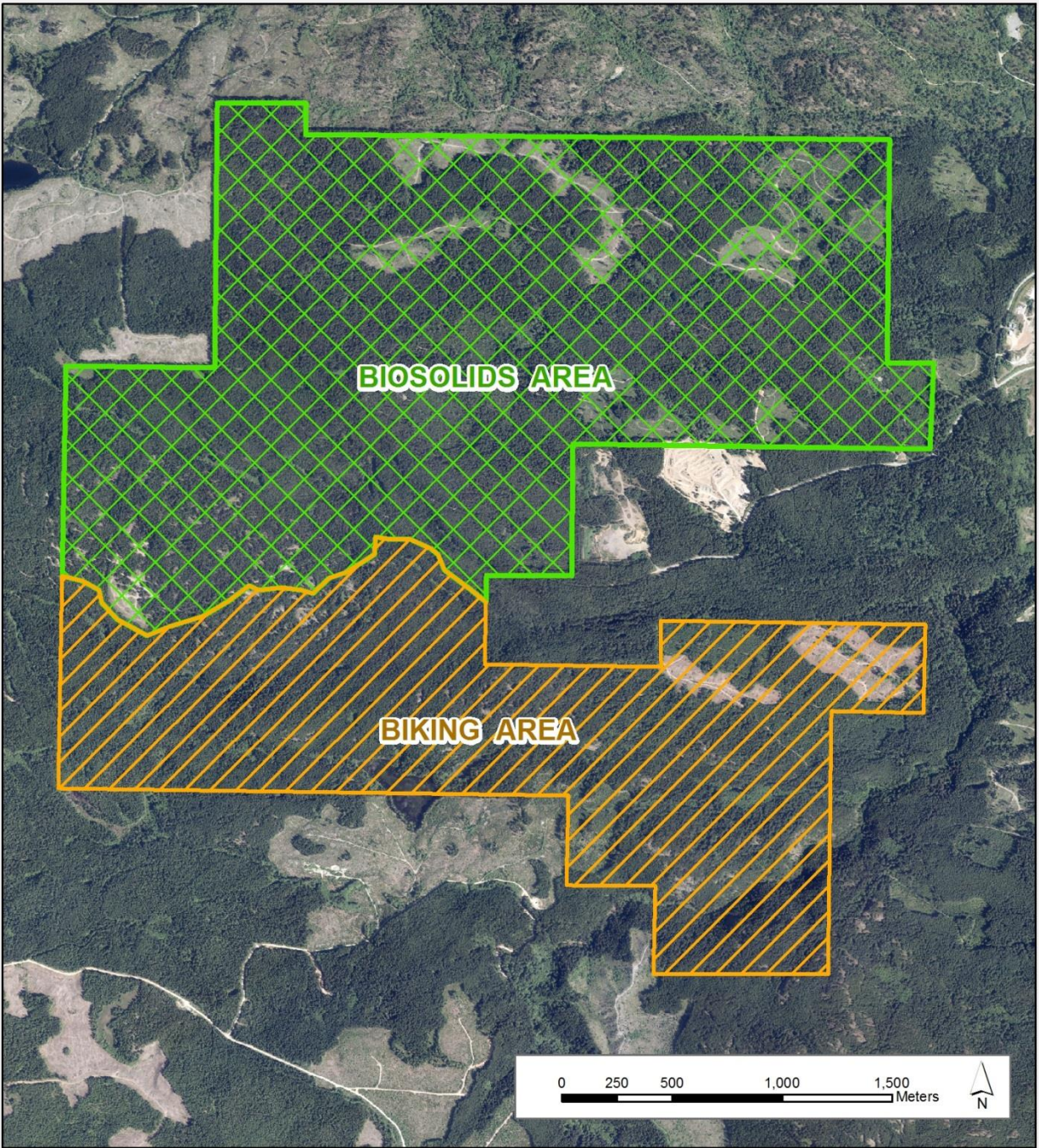
24.1 This Agreement may be executed by the parties in counterparts and transmitted by electronic means, and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had delivered an executed original Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

THE REGIONAL DISTRICT OF NANAIMO,)
by its authorized signatories)
)
)
_____)
Name:)
)
)
_____)
Name:)

THE NANAIMO MOUNTAIN BIKE CLUB,)
by its authorized signatories)
)
)
_____)
Name:)
)
)
_____)
Name:)

SCHEDULE A



SCHEDULE B **“TimberWest Safe Road Use Procedures”**

The following procedures apply to all TimberWest resource roads. All users must be familiar with these procedures to ensure safe traveling conditions for all authorized industrial and recreational road users. In the event these procedures conflict with the user’s own policies the TimberWest safe road use procedures will take priority. If a Prime Contractor has been designated to a specific road, they may have additional procedures that supplement TimberWest’s, which will be specified during prework discussions (where applicable).

All vehicles:

- All road users (industrial, authorized recreational) must be fully licensed with correct endorsements, adequately insured for the vehicles intended use and follow all applicable driving legislation.
- Check with the local TimberWest office to ensure you have contact information for the designated Prime Contractor, if your vehicle is equipped with a radio you must have the correct communication channel(s) and know the current status of log hauling and other industrial use on the desired roads of travel. Generally all South Island road traffic is on the South Island Road Channel 153.110 tx/rx, Tone 203.5 unless otherwise posted. Similarly, North Island traffic monitors the “Haul Channel” (158.430 tx/rx) and TFL 47 traffic is location specific (contact TimberWest for this information).
- Follow the posted speed limits (Maximum 60 km/hr or less if not posted) with headlights/taillights on at all times.
- Observe and obey all posted signage.
- All traffic must drive on the right-hand side of the road.
- Drive by the road conditions and visibility (sight lines, dust or weather related visibility). Roads are radio assisted not radio controlled. Drive accordingly and expect the unexpected.
- Deactivated roads may or may not be posted. It is suggested that you obtain information regarding road deactivation status from TimberWest before you begin your trip.
- Maintain safe distances when following other vehicles and use extra caution when driving in dusty conditions. Also use extreme caution when overtaking slower vehicles.
- Always give industrial traffic the right-of-way. (Pull over and stop).
- When passing logging trucks, low beds, graders, etc. make sure the operator is aware of your intentions and signals you verbally or visually before proceeding to pass; then pass only when road conditions are favourable.
- Watch out for “sweepers” which are very long logs hauled on logging trucks. They can hang over the back of the trailer up to 6 meters and on a tight corner could sweep a vehicle off the road.
- Do not block the road or stop on the running surface for any reason – logging trucks require a lot of room for safe travel and to safely stop. Do not impede their access at any time. It is essential that logging trucks be able to use the roads without delays. If you must stop, find a turnout or wide spot and park well off the road.
- Be aware that off highway trucks with wide bunks have very little opportunity to move off the center of the road grade, except on wide mainlines. Ensure you find a turnout that enables the logging truck adequate clearance for safe passage.
- Report vandalism or other suspicious activities to a TimberWest representative.

- Report all hazards immediately to Prime Contractor or TimberWest representative.

Industrial:

- All vehicles and drivers must comply with applicable rules and regulations (WorkSafe BC, Department of Transportation, MFLNRO statutes and legislation, National Safety Code, and Motor Vehicle Act, etc.) that will ensure proper driving, loading, securing, inspection and maintenance.
- Down/Loaded vehicles have the right-of-way.
- TimberWest typically maintains the bridge infrastructure to support L165 tons. For active crossings that support less than L165, TimberWest identifies the load rating with posted signage stating the load rating in the field (i.e. L100, L75, 5 tonnes/pickup, etc.). In the event users have concerns, contact TimberWest representative for assistance.

Note: Notify TimberWest Contract Manager or designated TimberWest representative prior to walking (point loading) across structures with equipment 75 tonnes or greater so TimberWest can ensure structure can safely support the weight.

RADIO CALLING:

Known Hazards

<ul style="list-style-type: none">1. Losing track of your location2. Losing track of other vehicles location3. Meeting oncoming vehicles without a radio4. Not following calling procedures	<ul style="list-style-type: none">5. Unnecessary radio chatter6. Using the wrong frequency7. "Walking over" other calls8. Being distracted (i.e. phones, music, passengers)
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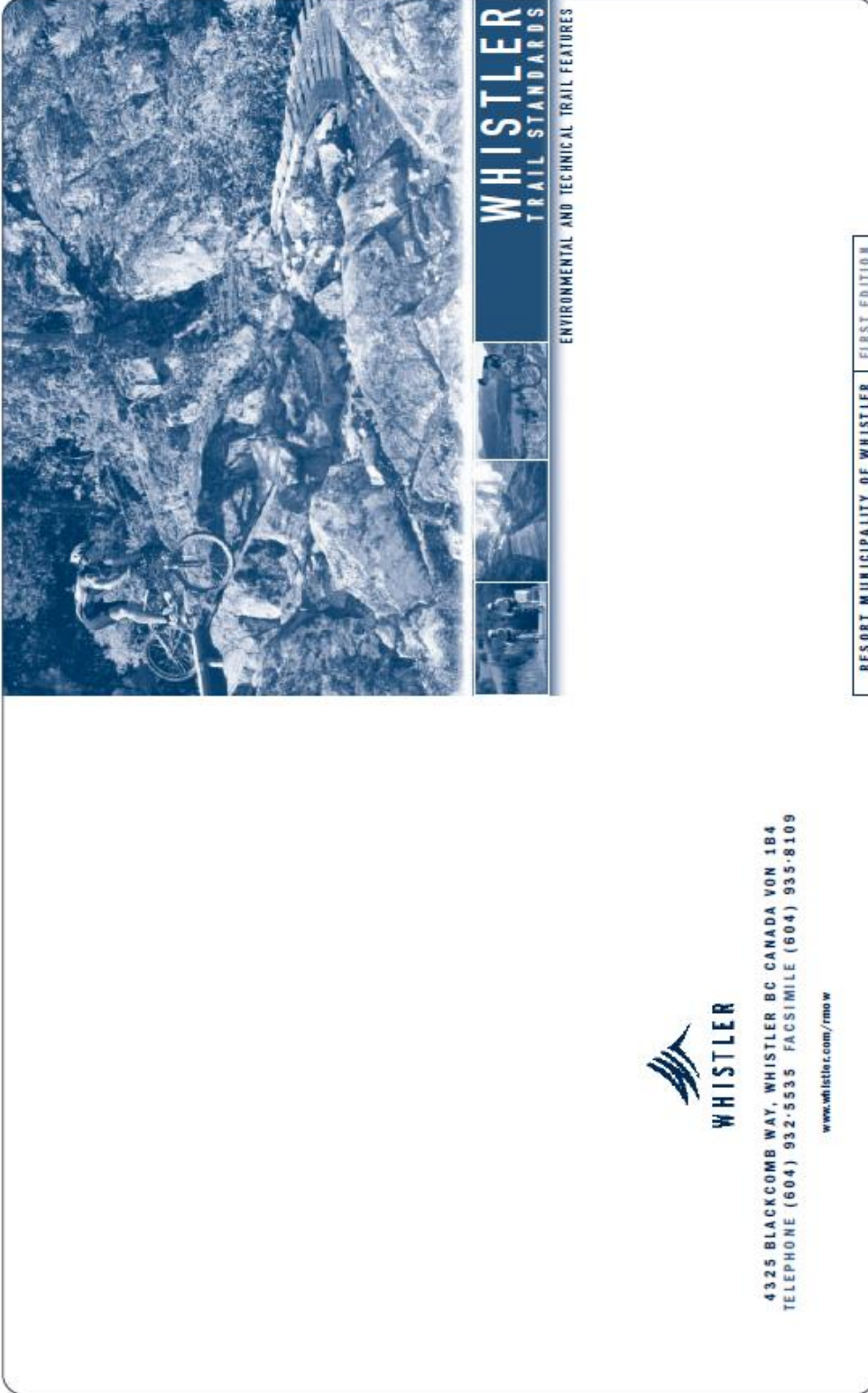
Procedures:

1. The terms "**UP**" for increasing numbers and "**DOWN**" for decreasing numbers are the preferred methods for calling, although users may at times hear "**EMPTY**" for increasing and "**LOADED**" for decreasing. North Island's practice is for logging truck traffic to use "LOADED/EMPTY", and all other traffic to use "UP/DOWN" in order to identify direction of travel.
2. Preferred Radio Call: **Road name** followed by the **kilometer** position then **Up** or **Down** (e.g. "North Shore ... 2 km ... Up").
3. **All vehicles should call their location/direction of travel:**
 - When entering or leaving a road system.
 - Whenever there is a road frequency/channel change.
 - Whenever you are stopping and parking on the road, and again when you resume.
 - When encounter a vehicle without a radio (Identify the vehicles position and direction of travel).

4. **Radio Calling protocol** – loaded vehicles:
 - Loaded vehicles (i.e. logging trucks, gravel trucks, lowbeds, and fuel trucks) must call at minimum every two km's, preferably every km when traffic is near, regardless of direction of travel.
5. **Radio Calling protocol** – all other vehicles, regardless of direction of travel:
 - Must call every km when within three km's of oncoming radio assisted traffic.
 - As a courtesy, should call every five km's.
 - As a courtesy, identify themselves: pick-up, low-bed, fuel truck, grader, etc. (i.e. "pick-up... North Shore ... 2 km... Up").
6. **Convoy calling:**
 - The lead vehicle is responsible for calling for all vehicles within the convoy. (i.e. "Convoy of 4 pickups...North Shore...13 km...UP")

Remember, roads are radio assisted – not radio controlled, drive accordingly!


SCHEDULE C WHISTLER TRAIL STANDARDS



WHISTLER
TRAIL STANDARDS

ENVIRONMENTAL AND TECHNICAL TRAIL FEATURES

RESORT MUNICIPALITY OF WHISTLER | FIRST EDITION

 **WHISTLER**

4325 BLACKCOMB WAY, WHISTLER BC CANADA V0N 1B4
TELEPHONE (604) 932-5535 FACSIMILE (604) 935-8109
www.whistler.com/rmo

AUTHOR'S NOTES

As planners, we must not lose sight of the fact that guests are here to have a good time, avoid injury and not get lost.

The evolution of mountain bike trails, recreational equipment, and environmental issues require that this document be readable.

Thanks to North Shore Mountain Bike Association (NSMBA) and the Whistler Off-Road Cycling Association (WORCA) for reviewing the document and providing feedback. Also thanks to Chasua Feijuda, Ken Neave and Jim Richardson for their feedback and insight. Special thanks to Keith Bennett for his feedback, insight and proactive approach to mountain biking.

Cover photos were provided by Benji Makarewicz Photography and David Dijkstra, Director of the North Shore Mountain Bike Association. Trail type drawings by Jason Resort Manning.

Andrew DeBoer
Whistler Cycling Committee
Summer 2013



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INTRODUCTION

Whistler, British Columbia has been recognized as a premier destination resort for mountain biking. For the most part, this can be credited to the Whistler Mountain Bike Park and a network of valley and off-road trails that provide a recreational and community experience for a wide range of residents and visitors. To sustain this experience, the Resort Municipality of Whistler (RMOW) proposes to review, sign, maintain and manage this network of trails throughout the Whistler Valley. This document is not a “how-to” on building or maintaining trails, rather it is the standard by which the trails will be managed within the Whistler Valley.

The Resort Municipality of Whistler's Trail Standards, Environmental and Technical Trail Features was drafted in support of two initiatives identified by Volume One of Whistler 2030: Charting a Course for the Future. The first and foremost initiative described under the priority of Moving Toward Environmental Sustainability, states, “We've established a trail hierarchy and environmental standards to ensure the type of trail and its maintenance is appropriate to the setting.” A land use compatibility matrix was developed to address this objective. The matrix outlines the Trail Type and Trail Difficulty Level applicable in different land-use classes. As well, environmental guidelines were established to minimize the placement of trails in sensitive environments. The second initiative described under the priority of Enhancing the Whistler Experience states “Whistler is one of the top bike towns in North America, with world-class trails... Whistler's trails must continue to provide exciting experiences for all levels of riders from families to advanced riders. Attention to providing a challenging experience, maintenance, a standard network and an easy-to-use trail system will help position Whistler as one of the top bike towns in North America.

Appropriate management of our on- and off-road trail network is intended to serve Whistler's status as a cycling destination with minimal environmental impact.



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TRAILS AND LAND USE

This section is a macroscopic view of the trails, the environment and where trails may be placed. This section outlines the levels of land protection, trail type descriptions and trail difficulty levels. These three classifications form a matrix that defines a compatibility matrix.

LAND USE DIRECTIONS

Whistler's environmental values and principles direct us to address land use as an important environmental consideration. Whistler's principle of an ecosystem-based approach advises us to meet our human purposes with the large patterns and flows of the natural world, and to study these to inform and guide our activities on the land.¹

From the draft Whistler Environmental Strategy, six land use directions are defined for the Whistler Valley. Each land use direction has a different level of environmental protection. For the purpose of this document, the LRUP and PAN 3 are given the same level of conservation.

DEVELOPED AREAS – This land use designation includes industrial, commercial and residential areas.

RECREATIONAL GREENWAYS – An important area for creating linkages between the built and natural environments, and between the needs of human communities and natural ecological systems. In conserving opportunities for both recreational activities and the maintenance of natural features and wildlife habitat. Recreational Greenways are a vital part of environmentally responsible land use planning.²

LRUP – The Local Resource Use Plan was developed in response to public concern over logging effects on the visual quality of landscapes and the recreation uses of the land in and near the RMOW. It was a joint effort from the Ministry of Forests, Squamish Forest District, and the RMOW. The LRUP boundaries extend from Boundary Falls in the south to Cooper Mountain in the north. LRUP land contains rare and unique species or unique habitat features not found in other ecosystems and are therefore important to protect.³

¹The Whistler Environmental Strategy Document Page 10
²Whistler Environmental Strategy Document Page 15
³BC, Section 4.6, Page 11
 Whistler Local Resource Use Plan
 Whistler Environmental Strategy Document Page 15



PAN PROTECTED AREA NETWORK – Divided into the following three sub-categories of protection:

PAN 3 – RESERVE LANDS Large tracts of relatively natural land, which could be subject to occasional or other development provided an Environmental Impact Assessment is done. PAN 3 protection is generally used for streams, growth forests and other natural areas not included in PAN 1 and 2. In cases of development, key ecological components of reserve lands may be subject to PAN 1 or a protection after development. Most trail types are acceptable with the exception of paved Type I trails.

PAN 2 – SPECIAL MANAGEMENT ZONES Well protected and allow some low-impact human activities or development (creation of trails). Priorities for PAN 2 protection include significant streams and riparian areas, significant old growth forests and wildlife corridors. Only low impact trails such as Trail Type III, IV or V are acceptable to be built in PAN 2 areas.

PAN 1 – KEY PROTECTED AREAS Reserved to protect unique and sensitive ecosystems from any human development or use, with the possible exception in individual cases of very low-impact nature trails, boardwalks or wildlife viewing platforms for the specific purpose of habitat protection. Priorities for PAN 1 protection include streams, wetlands, riparian areas, old growth forests, key wildlife corridors and unique or threatened habitat types. No cycling trails are to be built in these areas.

COMPATIBILITY MATRIX

The Whistler Valley efficiently has five land use directions. These land use directions relate to the five trail types (reference to page 6-7) and the first four trail difficulty levels (reference to page 8-9) in the following compatibility matrix. The RMOW will construct new trails only in environments compatible with trails.

Mountain Bike Trail Difficulty	LAND USE DIRECTION			
	Developed Areas	Greenways Includes LRUP	PAN 2	PAN 1
I	X	X	X	X
II	X	X	X	X
III	X	X	X	X
IV	X	X	X	X
V	X	X	X	X

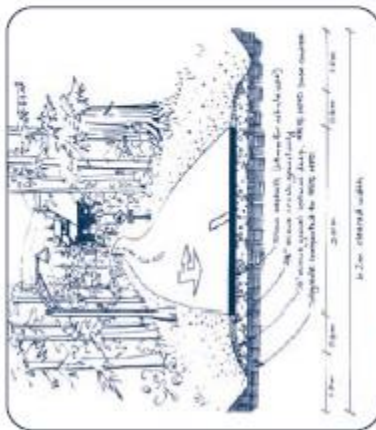
TABLE 1. COMPATIBILITY MATRIX

✓ = Compatible X = Incompatible G = Grandfather Clause

¹The Whistler Environmental Strategy Document Page 11
²Whistler Environmental Strategy Document Page 15
³BC, Section 4.6, Page 11

TRAIL TYPES

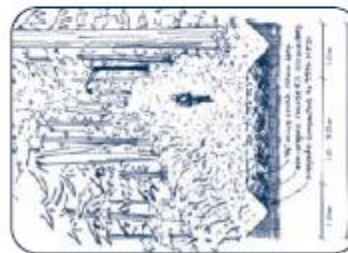
Trail Types are a description of non-motorized trail tread characteristics. Trail Type I has the highest amount of traffic and the most impact on the environment of the trail types. Conversely, Trail Type V has little traffic and the trail tread is minimal.



TRAIL TYPE I

TYPE I

- plan as paved double-track trail for smooth, all weather use to provide access to village, parks and subdivisions
- use asphalt or chip-seal coat surfacing
- clear width to tread width plus 0.6 m gravel shoulders and adequate drainage on each side
- clear height to 5.0 m
- provide 5-3 m tread width
- provide illumination for night use if appropriate
- provide interpretive and directional signs, benches, viewing areas where appropriate



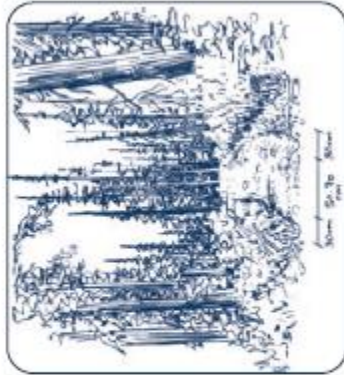
TRAIL TYPE II

TYPE II

- plan as surfaced double-track or single-track trail
- machine built
- remove all embedded trail obstacles
- use crushed limestone with fine or well-compacted gravel, or existing old roadbeds
- clear width to 5.0 m for double-track and 4.5 m for single-track trails
- clear height to 2.4 m
- provide 2.5 m tread width for double-track trails, 1 m for single-track trails
- provide illumination for night use if appropriate

TYPE III

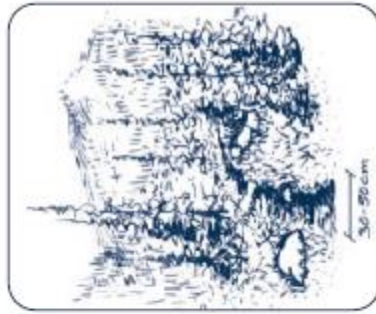
- plan as un surfaced single-track trail
- may be machine built
- clear width to 1.0-1.53 m
- clear height to 2.4 m
- provide 30-70 cm tread width on native soil



TRAIL TYPE III

TYPE IV

- plan as un surfaced single-track trail
- clear width to 1 m
- clear height to 2.4 m
- provide 30-70 cm width tread on native soil, sometimes rough terrain



TRAIL TYPE IV

TYPE V

- plan as low impact nature trail or lightly used wilderness trail
- no high impact users, such as motorized vehicles or horses
- clear height to 2.4 m
- provide 30-70 cm tread maximum, avoid tread grinding sections of very rough terrain
- in the case of low-impact nature trails use boardwalks to traverse sensitive areas



TRAIL TYPE V

*Adapted from Bruce Crane (Washington DC) and Bill Cline (New Mexico) and the MOW 74 Trail Management Trail Classification, Scholick C.

MOUNTAIN BIKE TRAIL DIFFICULTY LEVELS

The following identify all the levels of trail technical difficulty as they apply to mountain bikes, starting with easier and moving up to expert/unlimited. Included are general and detailed description of trails and Technical Trail Features (TTFs). This section quantifies what characteristics compose the trail difficulty for mountain bikes.



NAME: Easier **SYMBOL:** White circle

GENERAL

- Fairly flat, wide and paved. Suitable for all users.¹

DETAILED

- Maximum grade: 10%
- Preferred average grade: no more than 5%
- Minimum a minimum 1.5 m curve radius
- Usually associated with Trail Type I

EXPECTED TECHNICAL TRAIL FEATURES

- TTFs are not appropriate for this trail level.



NAME: Easy **SYMBOL:** Green circle

GENERAL

- Gentle climbs and easily avoidable obstacles such as rocks, roots and pot-holes.²

DETAILED

- Maximum grade: 15%
- Maximum sustained climbing grade: 8%
- Curve radius: 2.4 m minimum
- Usually associated with Trail Type II or III

EXPECTED TECHNICAL TRAIL FEATURES

- Small roots & logs to cross
- Embedded rocks to avoid
- Wide bridges

DETAILED

- Embedded trail obstacles: up to 10 cm.
- Logs and roots perpendicular to direction of travel (45°)
- Bridges minimum 60 cm wide, handrail required if height of bridge above surface exceeds 60 cm
- Rock faces above surface not to exceed 45%
- No drops
- No jumps

¹ David Roberts: "Challenging Mountain Bikes: 1995"

² Paul Stewart

³ Paul Stewart



NAME: More Difficult **SYMBOL:** Blue Square

GENERAL

- Challenging riding with steep slopes and/or obstacles, possibly on a narrow trail with poor traction. Requires riding experience.³

DETAILED

- Maximum climbing grade: 25%
- Maximum sustained climbing grade: 10%
- Maximum descent grade on cross-track surface: 55%
- Curve radius: 1.8 m minimum
- Usually associated with Trail Type III or IV

EXPECTED TECHNICAL TRAIL FEATURES

- TTF width to height ratio of 2:1
- Small bridges (flat, wide, low and collapsible from section to section)
- Small reliable drops
- Small waterfalls
- Small jumps
- Medium sized logs

DETAILED

- Embedded trail obstacles: up to 20 cm high
- Elevated bridges: less than 1.8 m (6') high above surface
- Minimum width of flat decking is one-half the height above surface
- For connected sections, the banking angle between each connected section must be large enough to allow the bicycle to complete transition without requiring any wheel lifting techniques
- Waterfalls: maximum pivot height, less than 60 cm (2') high above the surface
- Minimum width of flat decking is one-half the height above surface at pivot point
- Rock or ramp descents not to exceed 45%
- Drops-off not exceeding 30 cm high with exit cleared of all obstacles
- Jumps
- No jumps with consequences for lack of speed (for example, coffin jumps or gap jumps)
- Table top jumps maximum height: 60 cm (2')
- Jump maximum height: 45 cm (1.5')



NAME: Most Difficult **SYMBOL:** Black Diamond

GENERAL

- A mixture of long steep climbs, loose trail surfaces, numerous difficult obstacles to avoid or jump over, drop-offs and steep corners. Some sections are definitely easier to walk.⁴

DETAILED

- Maximum climbing grade: 40%
- Maximum sustained climbing grade: 16%
- Usually associated with Trail Type III, IV or V

EXPECTED TECHNICAL TRAIL FEATURES

- TTF width to height ratio of 1:1
- Elevated bridges and waterfalls with maximum deck height
- Connected bridges
- Mandatory air
- Large jumps
- Steep descents with sharp transitions

DETAILED

- Elevated bridges: less than 1 m (3 ft) high above surface
- Minimum width of flat decking is one-quarter the height above surface
- Waterfalls: maximum pivot height: less than 1.8 m (6') above surface
- Minimum width of flat decking is one-quarter the height above surface at pivot point
- Mandatory air: less than 1.0 m (3.5') vertical
- Rock or ramp descents not to exceed 40%
- Jumps
- Table tops, no maximum height
- No gap jumps or rhythm sections



NAME: Expert Unlimited **SYMBOL:** Double Black Diamond

GENERAL

- Exceptional bike control skills and balance essential to clear many challenging obstacles. High-risk level. Only a handful of riders will enjoy these trails.
- The BCMO recognizes Expert Unlimited as a difficulty level but due to the small size of the user group, the BCMO will not pursue ownership of these trails, however there may be some of these elements on a trail provided there is a clearly defined alternate route around.

DETAILED

- Similar to Most Difficult
- Usually associated with Trail Type III or IV

EXPECTED TECHNICAL TRAIL FEATURES

- Rock exceeds Most Difficult due to height, width and exposure
- Flat areas may not meet fall zone standards
- The consequences of errors may be severe and remain may be difficult

DETAILED

- Exceeding Most Difficult

¹ Paul Stewart
² WCH website: "About Fall Zone Standards" (URL from which all of the trail category maps occur on this website)
³ BC MO: "A Trail to High Adventure" (URL from which all of the BC MO's "Operating the BC MO & Safety Information Book 2, Section 11.2, page 11.2)

SUPPORTING GUIDELINES AND STANDARDS

This section is a microscopic view of trails. It contains guidelines and standards about the placement of trails, construction and strength of technical trail features and the signing of trails.

ENVIRONMENTAL GUIDELINES

The benefits of a trail for recreational purposes must be balanced with the desire to protect the environment. All intrusions into the environment have some degree of impact. However, these impacts can be minimized to balance the objective of a recreational experience with minimal impact on the surrounding environment. Trails that a densely impact the environment will divert us in time, have a low aesthetic value and incur a high maintenance cost. Trail construction must strive for minimal impact on their surroundings and be designed with considerations for the specific environment and the intended use of the trail.

TRAIL PLACEMENT GUIDELINES

- Trail placement should avoid hazard areas such as unstable slopes, soil prone to erosion, cliffs, embankments and undercut stream banks, etc.
- Avoid shallow rooted trees with high windthrow potential and stages.
- Avoid routes that impact on wildlife species.
- Avoid critical habitat of rare or fragile plant species. If there are fragile plant communities next to the trail, delineate the trail edges by using logs or rocks.
- Avoid sensitive or fragile archaeological or historic sites.
- Avoid building trails in congenerity watersheds.



- Avoid trail routing that encourages users to be cautious where an easier route or interesting feature is visible. If an interesting feature exists, locate the trail to provide the desired access to the trail users. Use landforms or vegetation to block potential shortcut routes.
- Avoid routing a trail too close to another trail section to prevent trail proliferation or shortcuts between the two trails.
- Route trails on bedrock or hard-packed surfaces and avoid organic materials.
- Use placed stones in sensitive areas and steep descents to minimize trail erosion.

* Source: *On the Borderlines* by Whistler Area Recreation Management Association. Adapted from: A Guide to Sustainable Planning, Design and Management, The Forest BC.

AQUATIC ENVIRONMENTS

- Trail construction of Trail Types 111V must avoid aquatic areas within 50 m of streams and within management zones as per Forest Practice Code as must minimize vegetation removal and soil disturbance. Construction standards should be consistent with trail use, thereby minimizing trail width, riparian forest.
- Structures in direct contact with water should be inert (for example, natural untreated cedar, precast concrete or steel) to avoid water quality impact associated with chemical leaching from treated wood. Pole supported structures are preferred over abutments or floats for bridges requiring supports in contact with streams.
- Locate bridge cross logs to minimize disturbance to streambeds and banks. Sections of the waterway that are straight and where banks are stable are preferred for crossing.
- Construct bridges across streams to top-of-bank. This minimizes erosion of stream banks and sedimentation of streams.

GENERAL

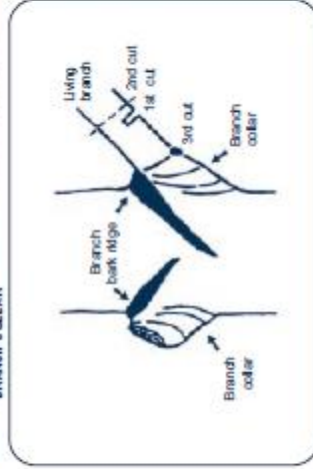
- Avoid cutting down live trees.
- Tree branches must be cut at the collar, both longer or shorter are likely to cause infection to the tree (Figure 1).
- Cover exposed roots.
- If pre-treated wood has been selected for structures being placed in the ground, the structure should be isolated in poly wrap below grade.

USE OF MACHINERY

- Limited access trails that penetrate sensitive areas should be constructed manually with materials and equipment that can be easily transported by small work crews.
- If machinery is required, minimum standards as per Forest Practice Code should be adopted (i.e., no machinery within 5 m of any water-body). Low impact construction techniques should be employed such as small underfooted, rubber tired vehicles, and construction pads, platforms or cranes.

Pre-fabricated structures that can be manually assembled on site should be used, if possible.

FIGURE 1 BRANCH BARK RIDGE AND BRANCH COLLAR



* "Protecting the Forest Trail" (<http://www.ec.gc.ca/pdb/comm/46-018-018.pdf>) (April 3, 2001)

TTF CONSTRUCTION STANDARDS

Tails with constructed Technical Trail Features (TTF) must exceed a minimum standard to protect the trail user.

SAFETY

TTFs must exceed the minimum strength and stability standard. Also, the finish must be such that if a rider were to fall, the structure or other protrusions would not increase the degree of the injury.

STRENGTH AND STABILITY

Each span of the TTF must be capable of withstanding a centered vertical load of 225 kg (495 lb), a tireless test rider/ta bike and gear. Every single rung should be capable of holding a side-by-side gear's weight.

TTF DESIGN PHILOSOPHY

- Gateway:
 - By placing a narrow section or difficult turn early while the TTF is still close to the ground (known as a gateway), inexperienced riders may dismount prior to the TTF getting too high above the ground where the rider is more likely to be injured should a fall occur. For example, place a 10 cm wide gateway 40 cm off the ground as a gateway to a 30 cm wide section 1.2 m off the ground.
 - Make the highest difficulty section visible from the entry.
- By placing the difficult section in view, the rider can make an informed decision before they may get into trouble with a TTF that may be beyond their ability.
 - Avoid wide, easy entrances leading to high, narrow expressed features

TTF HEIGHT AND WIDTH

As outlined in the Technical Trail Difficulty section, maximum height and minimum width are dependent on the TTF's difficulty. As the height above the ground increases, the consequence of injury in the case of a fall increases.

Height is measured vertically to the lowest point within 1.0 m adjacent to TTF (figure 2). Tread width is the amount of flat tread (figure 3).

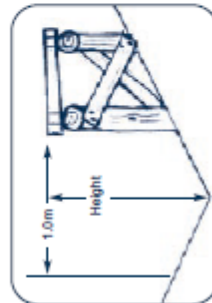


FIGURE 2 MEASUREMENT OF TTF HEIGHT

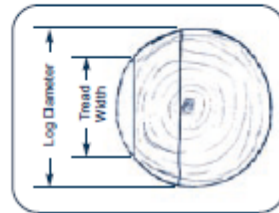
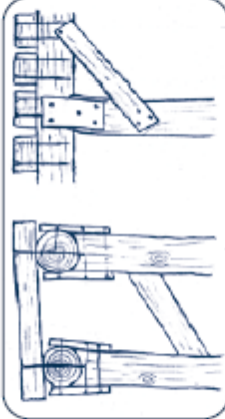


FIGURE 3 TREAD WIDTH MEASUREMENT

CONSTRUCTION PRACTICES

Cross bracing of vertical members is required (figure 4). Also, TTFs should not be mounted to living trees for the following reasons:

- The tree will continue to grow, compromising the integrity of the TTF.
- The tree may sway due to wind, weakening the TTF.
- Nailing to live trees is harmful to the tree.



CONNECTED MEMBERS

The methods for joining members in order of preference are: nuts and bolts, lag bolts, wood screws or end-nails. Ensure two-thirds of nail or screw's length penetrates the stringer. Loading on a member should be done in such a way as not to rely exclusively on the shear strength of the joining method.

BRIDGE RUNG SPACING

Deck rungs must be placed tightly so that children will not catch their feet between rungs. Arms will not fit between rungs and all users including dogs will use bridges as opposed to walking a dog on the bridge, compromising the sensitive area the bridge was intended to protect. An appropriate spacing between rungs is 3 cm to promote drainage of water and mud. Overhang rungs past stringers by less than 5 cm (2 in) (figure 5).

FIGURE 4 BRIDGE STRINGER SUPPORT AND CROSS BRACING

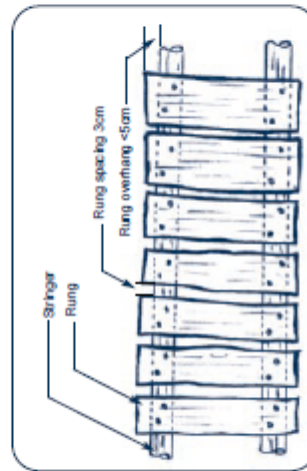


FIGURE 5 BRIDGE RUNG SPACING RUNG OVERHANG

BRIDGE SURFACING

It is recommended that wood surfaces with a slope exceeding 10° with the exception of split wood, having a rough surface finish, have an applied anti-slip surface. One recommended material is expanded diamond lath. Chic ken wire and rolled roofing material, although popular, are not durable and roofing materials promote promoting premature rotting.

Note: TTFs must be reinforced to withstand the additional loading of anti-slip surfaces against the direction of the braking forces.

WOOD PREPARATION

Bark must be stripped off and wood in contact with the earth should be treated to minimize rotting. For natural rot resistant wood, use cedar.

FALL ZONE GUIDELINES

Riding a mountain bike on trails and technical trail features involves challenging oneself and with that challenge comes risk of injury. Challenges come from terrain that contains many natural and man-made features. Risk is relative to riders skill level in relation to the difficulty of the trail.

FALL ZONE

The fall zone is the area adjacent to the technical trail feature, bottom of descents and the outside of corners that the rider may deviate into. To help reduce the incidence and severity of injuries, fall zones should be reviewed for hazards. Hazard mitigation efforts can be limited to those items that can be reasonably expected to be reshaped or removed using hand tools while maintaining the natural characteristics of the terrain surrounding the trail.

METHODS

- Methods to reduce risk in fall zones (1.5 m to each side of the trail) include but are not limited to:
- Cutting or digging out any sharp objects
 - Trimming tree branches to branch shoulder (see figure 5)
 - Covering of hazards in another option, if material such as rotten logs, bark, mulch, dirt, etc. is available
 - Dulling of sharp points or edges of exposed rocks

NOTE: The fall zone need not be cleared of all foliage; the purpose of fall zone guidelines is to reduce the chance of injury should a fall occur. Replanting of the fall zone with a durable locally occurring species may be considered.

FOCUS

The primary focus for fall zone clearing should be on trails rated 'More Difficult'. Riders may be learning to ride TRPs and their fall recovery may not be perfected.



SIGN GUIDELINES

Signs are a necessary component of trail management. They provide the user with information that will allow them to make an informed and educated choice. The hierarchy of signs in Whistler will be comprised of three levels. The first is a Trail Network Sign block that contains a map, general information about the area and safety suggestions. The second level is a Trailhead Sign that would contain information specific to the trail. Third, En Route Signs along the trail to promote confidence in the user that they are following the correct route and to be posted on features that are a higher difficulty rating than the trail rating.

TRAIL NETWORK SIGN

Located at a parking lot or similar entrance to a network of trails. Information for trail network signs may come in a combination of the following:

- Topographical map of area
- IMBA table of the trail

1. Ride on open trails only
 2. Leave no trace
 3. Control your bicycle
 4. Always yield trail
 5. Never spook animals
 6. Plan ahead
- Trail etiquette
 - 1. Stay on trail, no side-arms
 - 2. Do not alter trail
 - 3. Ride don't slide
 - 4. Avoid riding in muddy conditions
 - 5. Know your limits
 - 6. Support trail maintenance
- Safety
 - 1. Ride in 2's
 - 2. Carry a flash light
 - 3. Carry a fall emergency blanket
 - 4. Let someone know your route, time of return and carry a two-way communication device.
 - 5. Wear a helmet
 - News about keeping dogs out of fish bearing streams and educational components
 - Information on who to contact with trail maintenance concerns or how to get involved
 - Acceptable trail user groups
 - Emergency contact phone numbers
 - Description of cell phone coverage
 - Background information on the surrounding area and trails
 - Trail maps for distribution
 - Bulletin board
 - Reference to web or other resource

TRAILHEAD SIGN

These signs are to be located at the entrance(s) of a particular trail to provide the user with the information necessary to make an informed and educated decision whether to proceed or not.

SUGGESTED INFORMATION

- Trail name
- Topographical map of trail
- Trail length
- Elevation gain and loss
- Use of own risk disclaimer

DETAILS

Sign size 40 mm X 570 mm. Selected to be mounted without overhang on 90 mm X 90 mm posts (figure 6).

OPTIONAL INFORMATION

- Trail difficulty rating and a written explanation of what the user may encounter on the trail
- Warning and quantity of higher difficulty TRPs if present
- Conditions subject to change
- Impact TRPs prior to riding
- Time range to complete
- Trail profile
- Disclaimer – most trails will be a level or two harder to ride when slippery

MANAGEMENT GUIDELINES

EN ROUTE SIGN

Located along the trail indicating to the user they are still on the desired trail and give warning of the higher difficulty of an upcoming TTF. En route signs express difficulty in three ways: shape of sign, color of sign and trail profile symbol on the sign. The signs are labeled with the trail name to distinguish between different trails.

- En route signs to be placed at junctions with alternate trails giving clear direction of each trail's direction. Use difficulty symbol and trail name with a reflective white border.
- For TTFs noted a higher difficulty than the trail rating, en route signs to be posted as warning. Use difficulty symbol and trail name with a reflective yellow border. If feature can not be safely walked, an easier sign of by pass route must be provided (figure 6).
- If appropriate, signs may be placed at intervals to guide user.
- Consider reflective signs for night use.

DETAILS

For en route signs marking higher difficulty features, it is important for the sign to be highly visible. Place sign approximately 1.0-1.5 m above trail.

FIGURE 6 TRAILHEAD & EN ROUTE SIGNS



CONSTRUCTION

For new trails, the RMOW will use an experienced trail builder for the trail alignment and follow the supporting guidelines and standards.

TRAIL RATING

The trail and each feature along the trail is reviewed and measured to determine its difficulty. The details and difficulty level of each feature need to be recorded. The trail may be rated as low as the average feature difficulty or as high as the highest feature's difficulty. Bearing in mind all features rated as a higher difficulty than the trail's rating must be individually signed. If the feature can not be safely walked, the feature must have an easier, signed bypass route. The trailhead sign must also inform the user that there are higher difficulty features.

TRAIL MAINTENANCE

Trail maintenance is an integral part of managing trails. In general, high use trails and trails in environmentally sensitive areas require a greater level of maintenance and an expedited response to trail deterioration. Trails with man-made TTFs also require more frequent inspection.

MAINTENANCE PRIORITIES

The RMOW will inspect municipal trails as follows:

- **HIGH PRIORITY TRAILS** will be inspected twice a year (April and July). These include all Type 1 trails, all trails in PAN 1 environments and trails with known constructed TTFs.
- **MEDIUM PRIORITY TRAILS** will be inspected in the spring of each year or prior to the start of the trail use season. These include all trails in PAN 2 and PAN 3 environments and all Type II trails.
- **LOW PRIORITY TRAILS** will be inspected in the spring of each year or prior to the start of the trail use season. These include all remaining mountain bike trails.

All inspections and maintenance must be documented.

INSPECTION TO INCLUDE

Review of the trail:

- for safety;
 - to verify difficulty designation.
- Review of signs:
- for presence and condition.
 - Review of constructed features;
 - for structural integrity

TERMINOLOGY

- A-POUR** – to merge together and/or to be joined together with no lower section in the space. Typically used in bridge design to describe the trail.
- BEAM** – built up back on the outside of a corner to improve carrying.
- BOGGER/BAK** – a curved wallopyrude of wood, used to prevent sensitive areas, similar to bridge.
- BRIDGE** – a structure that is built above and across a river or other obstacle allowing passage across or over obstacle.
- DANGER** – likely to cause harm or result in injury.
- DROP OFF** – a drop in the trail, possibly at the end of a log or off a rock, may require a technique depending on the vertical drop and/or the angle of descent.
- EN ROUTE** – on the way.
- EXPOSURE** – placing a rider in the position or location that an error in balance or maneuvering may result in an injury, for example, a narrow ledge above rock would be exposure and the ground in the direction of the ledge above the rock, the greater the level of exposure.
- FACE** – the steep exposed side of a rock.
- FALL AWAY** – a drop-off which incorporates a turn in the trail.
- GAP JUMP** – two gaps placed back to back with a space between them, the rider must read with enough velocity to cross the space and land on the second jump.
- GATEWAY** – a quality placed before a trail or TTY, for example, a sign placed before an elevated bridge or a difficult corner. If the rider can successfully negotiate the more difficult gateway then they will likely be able to negotiate the TTY.
- GRAB DRYER CLAUSE** – provision occurs past certain pre-existing track from the requirements of a moving station.
- JUMP** – a wedge shaped feature built with the intention of sending the rider airborne.
- LADD BR** – a TTY with a ridge attached to sides (parallelogram) made of wood, wood or rope, used for climbing up or down.
- LOGGAM** – a pile of logs placed near perpendicular to trail to make a ramp, usually placed in front of and behind a double to ease passage.
- MACHINE BUILT** – constructed with items of an machine.
- MANDATORY AIR** – a TTY requiring a vehicle drop or other advanced technique to cross due to steep or undercut rock.
- MAMMAL** – technique used to lift the front end of a bike up without the use of a pedal stroke; can be used off-balance situations, etc.; generally require more forward momentum than a vehicle drop.
- PAN** – Protected Area Network, sometimes known as greenways, environmental corridors, landscape linkages, wildlife corridors or riparian buffers.
- RAMP** – any inclined structure, typically used as an approach to a TTY. A ramp can also be a jump.
- RHYTHM SECTION** – series of gap jumps placed and timed. Most technical form of jumping due to skill timing, technique and fall as a consequence.
- RIPARIAN ZONE AREA** – land between the water and the high water mark on the riverbanks. Riparian areas typically comprise a rich and diverse vegetative mosaic reflecting the influence of water.
- ROLLABLE** – a surface that can be ridden without requiring high level rider skills, for example, an elevated bridge with a wide/crowded trail can be ridden without having to hop and man.
- ROLL OVER** – usually a rock that gets in the way of the rider's abdomen, to the point where stopping may not be an option and the rider must continue dependent on the gap depending on what's ahead.
- TABLETOP** – two jumps back to back with the void between the jumps filled in with dirt, creating the tabletop.
- TESTER-TOYER** – a TTY consisting of a long plank balanced on a normal support for riders to cross over, providing a down motion as the rider passes over the plank.
- TONGUE** – a step made on the side of a TTY, often as an easier alternative to a mandatory air.
- TOP OF THE BANK** – the higher elevation of bank, which confers to their descent water flowing in an intermittent or perennial stream or river.
- TREAD** – the treaded surface of the trail.
- TYE** – Technical Trail feature – an obstacle on the trail requiring negotiation, the feature can be either man made or natural such as an elevated ledge or a rock face respectively.
- WHEELIE DROP** – technique used to pull off drop off or log/wall. Back wheel landing before the front wheel.

- MAINTENANCE TRIGGERS**
Triggers for trails requiring additional maintenance
 - TTYs deteriorating.
 - Short cutting of climbing turns and/or switchbacks.
 - Trail falling or sliding down the hill.
 - Vegetation cover loss.
 - Trail proliferation (over-drawing or tracking).
 - Trail incision and soil loss (trails exceeding 15 cm depth).
- GRANDFATHER CLAUSE**
In the case of valued existing trails in protected areas when trail deactivation is unlikely to succeed, trail management becomes the preferred option. When considering the Grandfather Clause as an option, evaluate the continuing cost of maintenance to manage the trail. At trail deactivation/ closure may not be successful if the trail has been established, is well used, and no alternative route is proposed. The resulting damage may be worse than had the trail remained open and effectively managed.
- TRAIL DEACTIVATION**
There may be a number of reasons for deactivating an existing trail.
 - When considering deactivation of a trail, take into account:
 - Is the trail popular?
 - Is the level of impact acceptable or can it be made acceptable by management?
 - Can the trail or part of the trail be re-routed to improve the situation?
 - Are there suitable alternatives for users if the trail was deactivated?
 - Is the trail historically significant?



- Alternatives to trail deactivation:
 - Management of trail use.
 - Temporary closure
 - The route sections of trail
 - Exclusion of damaging users
 - Education of users with signs or other education initiatives.
- When considering deactivation of trails, steps must include the following:
 - Consult user groups.
 - Public notice.
 - Monitoring to ensure trail remains deactivated.
- And must include:
 - Signs informing users of reasons for closure.
 - Fence in.

NOTES

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