CITY OF CAMPBELL RIVER
COMMITTEE OF THE WHOLE AGENDA

COMMITTEE OF THE WHOLE MEETING to prepare for the 2016-2020 Financial Plan deliberations, Tuesday, November 24, 2015 at 9:30 AM in the City Hall Committee Room, 301 St. Ann's Road, Campbell River, BC.

The agenda presents the recommendations extracted from the reports that comprise the agenda background package. To request a copy of a specific report, please contact the Legislative Services Department.

1. APPROVAL OF THE AGENDA

1.1 Approval/modification of the agenda.

THAT the Agenda be approved.

2. STAFF REPORTS

2.1 CORPORATE SERVICES

3 - 5  2.1.1 General Manager, Corporate Services' November 17, 2015 report regarding budget principles.

THAT the General Manager, Corporate Services' November 17, 2015 report regarding budget principles, be received.

6 - 7  2.1.2 General Manager, Corporate Services' November 17, 2015 report regarding the 2016 Budget Primer.

THAT the General Manager, Corporate Services' November 17, 2015 report regarding the 2016 Budget Primer, be received.

8 - 42  2.1.3 General Manager, Corporate Services' November 18, 2015 report regarding 2016 Business Cases for Financial Planning.

1. THAT Council refers the purchase the replacement of the Airport Fueling Facility system with two jet fuel trucks, one jet fuel tank and repayment of the jet parking area at a total estimated cost of $1,205,000 with funding of $100,000 from the Airport Improvement Fee Reserve and $1,105,000 from the Capital Lending Reserve with a fifteen year repayment from the Airport Improvement Fee Reserve to the 2016 Financial Planning deliberations.

2. THAT Council refers entering into discussions with the Campbell
River Harbour Authority to provide boat launch services at a reduced cost to resident boaters at Discovery Harbour Boat Launch and the current funds allocated to Big Rock Boat Ramp be reallocated to other projects to the 2016 Financial Planning deliberations.

3. THAT Council refers the Ostler Park Redevelopment project including soft shore installation and storm drain replacement at a total estimated cost of $1,239,000 with funding of $115,000 from Parks Parcel Tax Reserve, $125,000 from Storm Drain Parcel Tax Reserve and $999,000 from Community Works Fund Reserve to the 2016 Financial Planning deliberations.

4. THAT Council refers the Downtown Development Readiness Review which includes the downtown design concept and sewer, water and drainage reviews at an estimated cost of $225,000 with $125,000 funded from the Financial Stabilization Reserve for the downtown design concept, $40,000 funded from the Water Reserve for the water review, $30,000 funded from the Sewer Reserve for the sewer review and $30,000 from the Storm Water Reserve for the drainage review to the 2016 Financial Planning deliberations.

3. MAYOR/COUNCIL REPORTS

4. NOTICE OF MOTION

5. ADDENDA ITEMS

6. ADJOURNMENT

6.1 Adjournment

THAT the meeting adjourn.

Purpose: To provide Council with guiding principles for the 2016 budget deliberations.

Background: In the 2015 budget survey, Council identified a desire to ensure a strategic focus to their budget deliberations.

Discussion: The following Budget Principles are recommended to guide Council as they deliberate on the 2016 – 2025 financial plan in the December budget meetings:

1) Focus on Services – The City of Campbell River provides quality services to taxpayers, citizens, organizations and businesses. The annual budget is developed first-most with consideration of these services. Service levels are driven from the corporate strategic plan and the current and future needs of our community stakeholders, as defined by Council. Services will remain the same, be added to, increased in quality, increased in quantity, reduced or eliminated;

2) Develop Components of the Budget – Delivery of services are made possible through the allocation of budget expenditure values. The budget for the City of Campbell River is the sum of four unique components; Base Budget plus Capital Budget plus Service Level Changes plus a newly named component Operating Projects (formally part of service level changes budget); and

3) Identify Sources of Funding – Each expenditure must have a funding source, consisting of taxation, fees, grants, reserves, debt or debt. These funding sources each have their own unique present and future considerations as follows:

   a. Property taxation is a good source of funding for expenditures of an ongoing nature and where the service or capital item is provided for the community at large. Taxation is the source of funding for any expenditure not covered by items below.

   b. User fees are best suited for when there is a choice of whether or not to use the service.

   c. Grants, donations and sponsorships are often viewed as ideal sources of funding, however, they are not guaranteed, often come with restrictions and are one-time.
d. **Reserves** are funds from prior years that have been strategically saved for a designated future use. Some reserve funds have internal or external restrictions that need to be considered. Reserves are a good source of funding for one-time operational or capital projects. Reserves are the normal source of funding for capital projects, however, current taxation may flow through reserves to fund current projects.

e. **Debt** funds must be paid back, with interest, so this funding method best aligns with capital projects which have a long-term useful life. Borrowing requires multi-year pre-planning as it has restrictions such as a requirement to seek approval of electors.

During Council’s budget deliberations on December 7, 8, 9, and 10, 2015, staff will develop a logical process to help Council progress through the budget using the **Budget Principles**. A graphical view of the three **Budget Principles** is attached.

**Options:**
1) That Council receives the November 17, 2015 report on Budget Principles; or
2) That Council amends the November 17, 2015 report on Budget Principles.

**Conclusion:** Effective budget meetings are facilitated by mutually agreed to guiding principles.

Respectfully submitted,

Ron Bowles,
General manager, Corporate Services

Attachment  Budget Principles Flow Chart
2016 BUDGET PRINCIPLES

Focus on Services
- Same
- Add
- Increase
- Reduce
- Eliminate

Develop Components of the Budget
- Base Budget
- Capital Budget
- Service Level Changes
- Operational Projects

Identify Sources of Funding
- Taxation
- Fees
- Grants
- Reserves
- Debt
Report To Council

TO: Deborah Sargent, City Manager
FROM: Ron Bowles, General Manager, Corporate Services
AUTHORED BY: Myriah Foort, Finance Manager
DATE: November 17, 2015
SUBJECT: 2016 Budget Primer

Recommendation:

THAT Council receive this report for information.

Background:

The 2016 Financial Planning process is coming to an end with Council deliberations starting the week of December 7th. Staff would like to provide some information on the next steps of the budget process to Council.

Thus far, staff have presented two pre-budget sessions to Council. On July 21, 2015 staff presented a lunch & learn on the Reserve restructure. On November 3, 2015 at the pre-budget COW staff presented proposed budget parameters for 2016 Financial Planning and a draft Reserves and Surplus policy.

Discussion:

The November 24, 2015 pre-budget COW will include a discussion on Budget Principles, Budget Primer explaining what can be anticipated during 2016 Financial Planning deliberation week and four business cases on key projects that Council and/or staff determined further investigation and discussion was required. The four business cases are the Airport Fueling Facility, Boat Launch Service, Ostler Park and Downtown Revitalization.

On November 30, 2015 the 2016 Financial Planning package will be available to Council which will include:

- Base Budget
- Capital Plan
- Service Level Change Requests (SLCR's - Ongoing and One-time Projects)

Finance will be available for individual Council members to make an appointment to ask questions on the budget package (please make appointment through Ron Bowles):

- Wednesday, December 2nd, 1-3pm
- Friday, December 4th, 9-3pm

Council will deliberate the budget during the week of December 7th:

- Monday, December 7th, 9-3pm (Base Operating Budget)
- Tuesday, December 8th, 9-3pm (Capital)
- Wednesday, December 9th, 9-11:30am, 1:30-3pm (SLCR’s)
- Thursday, December 10th, 9-2pm (Wrap Up)
**Conclusion:**

Staff have been working since late summer developing the budget package for Council with a focus on meeting Council’s strategic priorities and a focus on a long-term financial strategy with budget parameters to provide stability to the citizens.

Per Council Survey, staff have focused on providing opportunities to present budget information to Council ahead of deliberations to ensure Council has the adequate information to deliberate the budget in December.

Authored by:       Reviewed and endorsed by:

Myriah Foort, BBA, CPA, CA
Finance Manager

Ron Bowles
GM, Corporate Services
Recommendation:

THAT Council refers the purchase the replacement of the Airport Fueling Facility system with two jet fuel trucks, one jet fuel tank and repayment of the jet parking area at a total estimated cost of $1,205,000 with funding of $100,000 from the Airport Improvement Fee Reserve and $1,105,000 from the Capital Lending Reserve with a fifteen year repayment from the Airport Improvement Fee Reserve to the 2016 Financial Planning deliberations.

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AND THAT Council refers the Downtown Development Readiness Review which includes the downtown design concept and sewer, water and drainage reviews at an estimated cost of $225,000 with $125,000 funded from the Financial Stabilization Reserve for the downtown design concept, $40,000 funded from the Water Reserve for the water review, $30,000 funded from the Sewer Reserve for the sewer review and $30,000 from the Storm Water Reserve for the drainage review to the 2016 Financial Planning deliberations.

Background:

Council identified in the 2016 Council Budget Survey that they would like pre-budget workshops on key capital projects. After review of many capital projects in the proposed capital plan for 2016-2025, staff identified projects in 2016 that required additional analysis for alternative review and additional information for Council to make decisions during deliberation week.

Discussion:

Business cases identify the current situation and background, decision criteria, alternatives and financial and non-financial analysis of alternatives of key projects with staff recommendation for Council. Recommendations for the business cases have been included in this report for Council to provide direction to include in the 2016 Financial Planning package to be deliberated with all projects on December 7th budget week. Final approval of these projects would occur in budget
deliberation week; recommendations at the November 24th Pre-Budget COW would be incorporated into the final budget package.

**Conclusion:**

Staff have invested significant time in incorporating business cases with detailed analysis and alternatives for projects as part of 2016 Financial Planning. This is another key initiative in moving to long-term financial planning. The intent is to provide Council with greater clarity and alternatives in decision making to ensure sound financial and community impact decisions are made during Financial Planning. The skills and tools learned by staff during this process will be utilized in subsequent budget cycles as well as ongoing review of analyzing City initiatives for best outcomes with limited funding allocated.

Business cases as a part of financial planning are gaining momentum within local governments due to the lack of financial resources for funding and many demands for increasing municipal service levels. Business cases are considered best practice and is something the AGLG (Auditors for Local Government) have enquired about in their capital procurement and asset management audit process of which the City is part of. The City expects a final report on this audit in 2016. Therefore, the business cases provided for 2016 Financial Planning are a significant step forward to strategic financial management.

**Authored by:**

Myriah Foort, BBA, CPA, CA
Finance Manager

**Reviewed and endorsed by:**

Ron Bowles
GM, Corporate Services

Appendix 1 – Business Case: Airport Fueling Facility Replacement
Appendix 2 – Business Case: Boat Launch Service
Appendix 3 – Business Case: Ostler Park Redevelopment
Appendix 4 – Business Case: Downtown Development Readiness Review
Project Title: Aircraft Fueling Facility Replacement

Situation Analysis:

The purchase of an Aircraft Fueling Facility was approved in the 2014 financial plan in the amount of $700,000. This amount was carried over and increased to $740,000 for 2015. The scope of the $740,000 capital project was a complete AV Gas and Jet Fuel system with significant infrastructure costs associated with providing an AV Gas facility that was essentially a self-serve system.

The Fuel Facility was sent out for a Request for Proposal in the spring of 2015. After the RFP process the best bid came in at two times the budget due to increased scope and facility costs for the Av Gas infrastructure.

The Airport/City applied to the BC Air Access Program (BCAAP) in September for $750,000, but did not succeed. The next application period for this program is January 1, 2016. The BCAAP was advised that fuel trucks are not eligible therefore, only fuel tanks are eligible.

Current Situation

The existing fuel system has the City operating as an Imperial Oil (Esso) Dealer. Esso loans the facility for our use, the City runs the system, and is responsible for fuel quality and testing, pumping, and billing customers. Esso charges the City for fuel delivered (Jet and AV Gas) at a rate they deem fair, but this rate has been found to be less competitively priced than buying on the open market. Jet fuel is branded, but on Vancouver Island all “brands” are sourced from one supplier in Nanaimo.

Jet fuel sales generate over 90% of airport revenue. These are sales to Ministry of Forests Air Tankers, Pacific Coastal Airlines, Central Mountain Air, and Corporate Jets. AV Gas sales are to smaller piston aircraft often referred to as General Aviation (GA).

Staff have met with Imperial Oil representatives who acknowledge the existing system is near the end of life and the probability of Imperial Oil replacing this system is unlikely. Esso has generally been withdrawing from the Airport Fuel business at smaller airports.

Recently Sealand Aviation, operating as Sealand Flight, started Flight School operations airside. There is interest in providing AV Gas for resale as an amenity to Sealand Aviation and its business centered on maintenance repair and overhaul at the Airport. Given this option to have an alternate provider of AV Gas to general aviation, the infrastructure costs associated with replacing the AV Gas system, and the nominal contribution to the Airport’s bottom line, the Fuel Facility proposal is being revised.

Many options have been considered with 6 described here; note that the attached financial analysis includes options 1-4 regarding Jet fuel as well as analysis on AV Gas for additional information.

1. **DO NOTHING** - Do nothing until Imperial Oil closes the facility. Current infrastructure has reached the end of its life cycle and one underground tank is permanently out of service. Staff are currently researching time limits with Imperial Oil. This option would not cost anything currently, however at the point
of Imperial Oil closing the facility a solution would need to be determined. The Airport generates approximately $364,000 a year for Jet fuel sales and $33,000 per year for AV Gas under this arrangement or $397,000 annually. This option is currently very profitable however there is a time limit where Imperial Oil will no longer maintain this arrangement due to the age of the tank. The agreement allows 90 days notice for cancellation therefore the City would need to act quickly if Imperial cancelled the contract and removed the tanks.

2. **JET ONLY SUPPLIER – TWO TRUCKS, ONE TANK** - Purchase of a Jet fuel tank and two delivery trucks including repavement of corporate jet parking area where existing tanks currently reside for a total cost of $1,205,000. This option includes contracting out the sale of AV Gas component, which was included as a City responsibility in the previous RFP’s. This option would generate estimated net profits of $441,000 per year on jet fuel; with $5,000 for AV Gas contracted fuel sales or $446,000 annually. After Capital Lending Reserve payback of $76,000 per year for 15 years the annual net profits are $371,000.

3. **JET ONLY SUPPLIER – TWO TRUCKS, LEASE TO OWN TANK** - Purchase two delivery trucks only at a cost of $955,000. Enter into an agreement for fuel supply of Jet fuel (supplier invests in tank, we sign a five year agreement to keep full) this option does not consider the purchase of the AV Gas component which was included in the previous RFP’s. This option does not provide the full maximization of revenue generation as we would be paying an additional cost to the supplier for tank infrastructure of $0.075 per litre. The net profits under this option would be $348,000 per year; with $5,000 for AV Gas contracted fuel sales or $353,000 annually. After Capital Lending Reserve payback of $59,000 per year for 15 years the annual net profits are $294,000.

4. **CONTRACT SERVICES** – The City could move out of providing fuel services directly and instead allow private sales at the Airport and receive a concession fee. The repavement of the existing tank area would still be incurred at a cost of $205,000. As per our research (Smithers, Nanaimo, and Victoria Airports), this would result in no capital cost however would significantly reduce revenues to $15,000 per year for Jet fuel and $5,000 per year for AV Gas or $20,000 annually. This option has been analyzed in the attached finance schedule and is not recommended due to the significant reduction in profitability and the lack of ability to maintain Airport operations. After Capital Lending Reserve payback of $7,000 per year for 15 years the annual net profits are $13,000 per year.

5. **JET ONLY SUPPLIER – ONE TRUCK, ONE TANK** - This option is the purchase of a tank and delivery truck for jet fuel only, estimated cost (class C) of $600,000. This option does not consider the purchase of the AV Gas component which was included in the previous RFPs. As per the rationale in the above option this also has the real potential of reducing the customer service we currently provide. The timing of refueling our truck and the ability to dispense product is regulated to a one hour wait. During the peak season when we have many customers and it is not unusual to sell 30,000 liters of fuel per day, this would mean an additional five hours of wait time to our customers. Due to the reduction in customer service and risk of losing jet customers and the future profitability of the Airport this option with one truck has not been further analyzed.
6. JET AND AV GAS SUPPLIER – ONE TRUCK, TWO TANKS WITH CARD LOCK ETC. - Purchase of the complete existing fuel facility as approved in 2015 Financial Planning at a cost of $1,500,000. RFP estimates only considered one truck and results in reduction in levels of service for our most profitable customers. We could not rationalize the capital cost of AV Gas infrastructure with any reasonable payback schedule. Due to the reduction in customer service and risk of losing jet customers and the future profitability of the Airport this option with one truck has not been further analyzed.

Decision Criteria and Measures:

The main factors in deciding the best solution are:

1. Profit maximization/payback
2. Customer service
3. Reducing environmental risks
4. Improved staff deployment
5. Additional aircraft parking
6. Reducing small aircraft traffic problems (conflicts)
7. End of life cycle of existing Esso service

Profit Maximization/Payback

The current mode with the Imperial Oil dealer agreement is very profitable for the airport as identified above; however, moving to the Airport owning its own facility allows for competitive purchasing of fuel and provides the highest margins. However, providing AV Gas infrastructure does not provide a payback given the investment required for card lock, aircraft taxiway and apron, lighting, electrical and inside the fence tanks. See attached appendix for financial analysis of Av Gas profitability.

$100,000 of Airport Improvement Fee Reserve has been allocated to this project with the remaining budget to be funded by the Capital Lending Reserve with a payback over fifteen years. The trucks and tank are expected to have a useful life of 20-25 years. The profitability versus payback has been reviewed for overall impact on the Airport business operations. Option 2 and 3 would have an impact on profitability of the Airport due to the change in fuel marigns and the payback of the capital investment from the Capital Lending Reserve.

Annual profitability for option 1 is $397,000 per year, $371,000 per year for option 2 and $294,000 per year for option 3. The investment in option 2 or 3 will result in an effect on general taxation or available funding for capital at the Airport in that the fuel profitability currently used to balance the airport operating budget will be partially used to payback the Capital Lending Reserve for the new fueling facility. Option 2 would decrease estimated fuel profits by $26,000 and option 3 would be an estimated reduction of $103,000 from the status quo option 1 Imperial Oil dealer agreement.

Overall, the return on investment is the same for option 2 or option 3 at 30%; the capital investment is higher in option 2, however the net profits are higher. Alternatively, for option 3 the capital investment is lower, but the net profits are also lower.
Customer Service

The Airport currently provides a high level of service to numerous different clientele we serve, including the Ministry of Forest air tankers (#1 priority during fire season) commercial airlines, corporate aviation and finally general aviation. This service would decline if only one Jet fuel truck was employed as per the original RFP for approved budget in 2015. Past experience with only one truck has resulted in up to a five hour fueling delay during peak season (as the truck after being emptied and refilled requires one hour for settling of fuel and then testing before dispensing.) During peak season the Airport has sold 30,000 liters of fuel in a day the settling time alone would add five hours to our customers wait times.

Reducing Environmental Risks

It is desired that private fuel tanks be reduced at the airport for both Jet fuel and Av Gas. Having control on Jet fuel purchasing provides an opportunity with the major holder of Jet fuel or lease land (Helifor) to have them arrange to buy fuel for the City. A private seller of AV Gas would also have an incentive to be a lower cost seller of AV Gas encouraging the tenants to buy from the AV Gas retailer and the removal of their own fuel tanks.

Improved Staff Deployment

Airports are increasingly regulated, which requires more staff time. Removing the Av Gas Fueling portion from the staff work does not decrease staffing level requirements for safe airport operations but does permit us to keep up with maintenance and defer further staffing needs generated by increased regulatory burdens (e.g. Safety Management System).

Additional Aircraft Parking

The proposals for Jet fuel only have the fuel storage groundside and the existing Esso facility being removed will provide 20% more Apron space and about 40% more capacity for corporate customers since the existing facility is in the middle of the parking area and the existing fuel facility has to have a buffer zone. In the past during peak season the Airport has had to send away customers due to lack of available parking. Note that the cost to repave this area where the fuel facility is currently located will cost an estimated $205,000.

Reduce Small Aircraft Traffic Problems

There is a significant benefit to relocating small aircraft away from the North grass parking area (near Seymour Pacific’s Hangar). Recent developments with Seymour Pacific have resulted in their helicopter operations being in conflict with small general aviation refueling under the past proposed facility and the remaining parking area.

End of Life Cycle of Existing Service

The Airport/City has to be prepared for the likely withdrawal of Esso. Planning for this likelihood will be more cost effective then reacting to a crisis if Esso announces an end to fuel service. The existing dealer agreement permits them to give 90 day’s notice.
Viable Alternative Solutions:

1. **DO NOTHING.** Do nothing until Imperial Oil closes the facility, current infrastructure has reached life cycle, and one underground tank is permanently out of service. Staff are currently researching time limits with Imperial Oil. This option would not currently cost anything; however, at the point of Imperial Oil closing the facility a solution would need to be determined. This option is currently very profitable; however, there is a time limit where Imperial Oil will no longer maintain this arrangement due to the age of the tank.

2. **JET ONLY SUPPLIER – TWO TRUCKS, ONE TANK.** Purchase a Jet fuel tank system and two delivery trucks only. This option provides the best solution for retaining a high level of service and the best option to maximize all potential fuel revenues by shopping for the lowest fuel supply costs daily. Estimated costs $250,000 for tank (class “C”) and $750,000 for two trucks (tendered price for trucks) and $205,000 for repaving the current fueling facility area. This will provide additional parking and capacity for corporate customers during peak summer season. Total cost of this option is $1,205,000.

3. **JET ONLY SUPPLIER – TWO TRUCKS, LEASE TO OWN TANK.** Purchase two Jet trucks and enter into a five agreement with a fuel supplier for a tank and supply agreement. This option retains the high level of service, but not the ability to maximize a lower fuel supply cost. Lower capital investment is needed $750,000 (tendered price for trucks) and $205,000 for repaving the current fueling facility area. This will provide additional parking and capacity for corporate customers during peak summer season. Total cost of this option is $955,000.

**Financial Evaluation of Alternatives:**

1. The current arrangement requires no capital investment until Imperial Oil cancels the arrangement. Profitability is strong in this arrangement at approximately $397,000 per year.

2. The second option to replace the existing fueling facility with two jet fuel trucks and a jet tank is estimated at $1,205,000. Profitability is stronger than option 1; however, payback to the capital lending reserve for the capital investment is $76,000 per year for fifteen years. This payback will result in a slight offset to general taxation to offset reduced fuel profits or a reduction in available capital funding.

3. The third option is to replace the existing fueling facility with two jet fuel tracks and enter into a five year agreement to lease to own a tank which would reduce initial capital investment by $250,000; however, it would reduce annual profitability through a concession fee on fuel sales. The total cost of this option is $952,000. Profitability is strong in this option; however, payback to the Capital Lending Reserve for the capital investment is $59,000 per year for fifteen years. This payback will result in an offset to general taxation to offset reduced fuel profits or a reduction in available capital funding.

**Recommendation:**

Based on the above analysis, the recommended option is option 2 to purchase two jet trucks and one jet fuel tank and move Av Gas to a private seller with a small concession fee. Of option 2 or 3 this option has the greatest profitability results and flexibility to manage the main revenue driver of the Airport. This option allows the Airport to focus on their core Jet customers by providing top customer service through quick service and the capacity to provide service to additional customers.
Option 1 which is the current dealer agreement is very profitable however Imperial has communicated the existing tank is at the end of its useful life and will not replaced. The agreement provides a 90 day cancellation clause, therefore the Airport will need to move quickly when Imperial decides to remove the existing tanks. The estimated time to complete the tender, construction, delivery, and installation of two jet trucks and one jet tank is up to a year therefore staff are recommending approval of option 2 in 2016 Financial Planning to start this process.

**Implementation Plan:**

If Option 2 is implemented, the City would need to change the airport fuel policy to allow sales of AV Gas on site to one supplier and recoup a slight profit from a contract fee.

Additionally, staff will apply to BCAPP for funding for the Jet tank, this program could provide funding up to 75% or $187,500 of estimated tank costs of $250,000. The project is not contingent on this funding but if approved it would further reduce our costs and required payback making option 2 even more profitable.
## Option Analysis

### Annual Sales Volume - Litres

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### Selling Price per litre

|                      | 1.55 | 1.55 | 1.55 | 0.02 | 2.04 | 0.075 |

### Total Revenue

|                      | 1,167,150 | 1,167,150 | 1,167,150 | 15,060 | 136,680 | 5,025 |

### Cost of Fuel

|                      | 1,0667 | 0.9638 | 1.0131 | 0.0000 | 1.5479 | 0.0000 |

|                      | 1.0667 | 0.9638 | 1.0131 | 0.0000 | 1.5479 | 0.0000 |

### Total Cost of Fuel

|                      | 803,225 | 725,741 | 762,864 | 0.0000 | 103,709 | 0.0000 |

### Concession Rate

|                      | -0.075 | -0.075 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

### Concession Paid

|                      | -0.000 | -0.000 | 0.5647 | 0.0000 | 0.0000 | 0.0000 |

### Gross Margin

|                      | 363,925 | 441,409 | 347,811 | 15,060 | 32,971 | 5,025 |

### Capital Investment Required

|                      | -750,000 | -750,000 | -750,000 | -750,000 | -750,000 | -750,000 |

|                      | -250,000 | -250,000 | -250,000 | -250,000 | -250,000 | -250,000 |

|                      | -955,000 | -955,000 | -955,000 | -955,000 | -955,000 | -955,000 |

|                      | -855,000 | -855,000 | -855,000 | -855,000 | -855,000 | -855,000 |

|                      | -105,000 | -105,000 | -105,000 | -105,000 | -105,000 | -105,000 |

|                      | -75877 | -58710 | -7210 | -7210 | -7210 | -7210 |

|                      | -366557 | -294126 | -12875 | -12875 | -12875 | -12875 |

|                      | 363,925 | 365,532 | 289,101 | 7,850 | 32,971 | 5,025 |

### Net Margin

|                      | 363,925 | 365,532 | 289,101 | 7,850 | 32,971 | 5,025 |

### Change in fuel sales profitability

(from status quo - option 1)

|                      | -26339 | -102770 | -384021 |

### Return on Investment (ROI)

|                      | N/A | 31% | 31% | 0% |
Project Title: Boat Launch Service

Situation Analysis:

Campbell River has branded itself as the Salmon Capital of the World and as such, boat launching services are very important to the community.

Currently the community is served by three boat launches:

**Ken Forde Boat Launch**
- This facility is located in an area that experiences the greatest accumulation of sediment of any location along the City’s waterfront. Removal of this sediment accumulation to keep the launch open for use during the fall/winter/spring seasons is cost prohibitive. There is also a large gravel bar immediately in front of the site making it impossible to launch or retrieve medium to large boats at any time except high tide. There is no charge to launch at this site.

**Big Rock Boat Ramp**
- This facility is located midway along the City’s waterfront on Highway 19A and is central to the community. The launch is in poor condition; the ramp is deteriorating and the parking lot has a gravel surface that is undersized. The site includes a breakwater to minimize wave action. The breakwater is also undersized and inefficient. Increasing capacity at this facility by upgrading the site may cause future traffic congestion because of its location adjacent to Highway 19A. There is no charge to launch at this site.

**Discovery Harbor Boat Launch**
- This facility is located in the downtown area of the City, the farthest north of any of the launches, but still within reach of the prime fishing areas. The launch is very well protected and enables launching of boats of any size in any weather condition. The site includes a large area of paved parking that has recently been reconfigured to provide the capacity for up to fifty vehicle/trailer units. The facility is managed by the Campbell River Harbor Authority. The Harbour Authority is in the process of undertaking a $700,000 upgrade project which will be complete in 2016. The project includes float upgrades, construction of an office building with public washrooms, installation of fish cleaning stations and a new payment/accounting system. There is a $10 per launch fee at this site, however the Harbour Authority is considering reducing the fee to $5 to entice more boaters to use the facility.

Council directed staff to conduct a design process for an upgrade to Big Rock Boat Ramp in 2013. A design consultant and Parks staff conducted a public consultation process which included a focus group session with the boating community, a public open house where two schematic designs were presented, followed by a second public open house where the preliminary design was presented. Feedback from all three public events, technical reviews by City staff, archeological, geotechnical and biological assessments have all informed the design. Highlights of the public comments and design are outlined below.

The size of the site limits possible improvements, particularly parking requirements. McCallum Park beside Big Rock Boat Ramp was donated to the City under the condition that it is to be used for park purposes only and cannot be used to expand parking capacity.
The redevelopment of Big Rock Boat Ramp was approved in the 2015-2019 Financial Plan at a total budget of $1,000,000 for ramp upgrades and upland improvements, with $500,000 of funding from external grants, $250,000 from Parks Parcel Tax Reserve and $250,000 from Capital Lending Reserve. The repayment to the Capital Lending Reserve was established at a payback over three years from Parks Parcel Tax Reserve at $85,625 per year. The grant application has yet to be approved; staff expect to receive feedback by the end of the year, which will be after budget deliberations for 2016 therefore staff are looking for direction on the project if grant funding is not approved.

Key issues coming from the public consultation process included:

**Breakwater improvements** – Boaters identified the need to raise the breakwaters to decrease wave action in the basin as the waves make launching challenging on windy days. As well, improvements to the breakwaters will enlarge the launch basin and minimize sediment deposits, which will help to decrease maintenance.

**Ramp replacement** – Boaters identified the need to extend the length of the ramp to reduce opportunity for vehicles to become stuck at lower tides and to improve traction on the ramp.

**Seasonal float or jetty** – Boaters identified the need for either a seasonal float or concrete jetty’s which boaters can tie up to while parking their vehicles and for embarking/disembarking safely into their boats.

**Maximize parking** – The upgrade will have a minimal impact on the amount of space available for parking, capacity will remain at approximately 20 spaces. Through public consultation it was established that a launching/parking fee and vehicle and trailer only restrictions would help to eliminate the problem of non-ramp users parking at the facility (one drop-off and one disabled area would be included).

**Washrooms** – Boaters identified that a washroom is necessary for facility user comfort. Seawalk users would also benefit from the provision of an additional washroom along the popular walking route.

**Decision Criteria and Measures:**

The main factors in deciding the best solution are:

1. Improve access to boating activities by enhancing boat launch service in community
2. Improve the value of boating activities as a tourism attraction
3. Improve safety at boat launches by reducing risk from wave action
4. Improve convenience by providing amenities such as washrooms, fish cleaning stations and increased parking
5. Minimize boat launch maintenance requirements

**Improved access to boating activities by enhancing boat launch service in community**

Campbell River is a coastal community and has branded itself as the Salmon Capital of the World; therefore, enhancing boat launching services in the City has been a key budget discussion for many years. As noted above, the community has access to three boat launches, however the two City owned launches are not currently providing an adequate level of service. The Discovery Harbour boat launch provides good service; however, this asset is not owned by the City and users must pay a $10 per use fee. Ken Forde boat launch is in a prime location for
boaters wanting to fish south of Cape Mudge, but the launch site is not a viable alternative given the ongoing sediment accumulation and gravel bar at the site. Big Rock Boat Ramp is located in the middle of the community and provides good access to boaters wanting to fish south of Cape Mudge, however the site has access limitations with congestion on the highway and limited available parking capacity

**Improved the value of boating activities as a tourism attraction**

As noted above, Campbell River is known as the Salmon Capital of the World therefore having an accessible and fully serviced boat launch with amenities, including washrooms in a good location would contribute to tourism in Campbell River. While the Big Rock Boat Ramp location provides benefits and convenience to boaters wanting to fish off Cape Mudge, a downtown location may provide contributions to the local economy by drawing tourists and residents to the downtown area to access boat launch services.

**Improved safety at boat launches by reducing risk from wave action**

User safety is a key concern for all City owned facilities. The public consultation process identified a number of safety upgrades needed at Big Rock Boat Ramp including breakwater improvements, ramp replacement and a need for a seasonal float or jelly as discussed above. Discovery boat launch does not currently have any safety concerns.

**Improved convenience by providing amenities such as washrooms, fish cleaning station and increased parking**

In the public consultation process for Big Rock Boat Ramp, boaters identified that washrooms, fish cleaning stations and increased parking were concerns at the facility. Washrooms and a fish cleaning station are included in the design of Big Rock, however parking is limited to 20 spaces because of the constraints at the site. Discovery Boat Launch has ample parking and the upgrade project currently underway will provide washrooms and fish cleaning stations.

**Minimize boat launch maintenance requirements**

As identified above, Ken Forde boat launch enhancements would be cost prohibitive due to the ongoing requirement to remove sediments accumulating in that area. Big Rock Boat Ramp, with upgrades as designed, would result in reduced ongoing maintenance requirements for sediments. However the site would require ongoing washroom and fish cleaning station maintenance. Discovery Harbour Boat Launch is managed by the Campbell River Harbour Authority and as such there would be no maintenance costs for the City at this site.

**Options for upgrading boat launch service**

1. **Enter into a Partnership Agreement with Harbour Authority**
   Enter into a partnership agreement with the Harbour Authority to provide boat launch services at a reduced cost to resident boaters. The City could negotiate an agreement to cover a percentage of resident boaters launch fees at this site.

2. **Upgrade Big Rock Boat Ramp:**
   a) If grant funding is approved, proceed with upgrading the site as planned at a cost of $1,010,000.
b) If grant funding is not approved, identify other internal funding sources to complete the project at a cost of $1,010,000.

c) If grant funding is not approved, identify other internal funding sources to complete phase 1 of the project at an estimated cost of $750,000. The remaining $260,000 for phase 2 could be completed at a later date when additional funding allows.

3. **Take No Action on Boat Launch Services**
   Take no action on increasing service for Campbell River’s boat ramps.

**Financial Evaluation of Alternatives:**

1) Not moving forward on the Big Rock Boat Ramp project and entering into a partnership agreement with the Harbour Authority for subsidized use of the Discovery Harbour Boat Launch would allow the City Big Rock Boat Ramp upgrade contribution of $500,000 to be reallocated to other projects and the Big Rock Boat Ramp facility could be phased out over a number of years and the site could be designated as waterfront park space. The partnership agreement would be expected to charge a per launch fee which could be subsidized by the City for resident boaters. This would result in an annual usage charge to the City; costs are currently unknown.

2) **Upgrade Big Rock Boat Ramp**
   a) Phase 1 of the Big Rock Boat Ramp design includes a new breakwater, new ramp, bioswales, greenshores planting, and new steps at an estimated cost of $750,000. Phase 2 of the project includes landscaping, parking lot lighting, washrooms, and picnic tables at an estimated cost of $260,000. Total project budget is $1,010,000 with funding of $500,000 from grants, $250,000 from Parks Parcel Tax and $260,000 from Capital Lending Reserve with a three year repayment of $85,625.

   b) If the grant is not approved, then the $500,000 of Grant funds would need to be funded by other City reserve funds.

   c) If the grant is not approved and phase 1 of the project was completed the cost would be $750,000 and $250,000 of additional City reserve funds would need to be allocated to this project.

3) Not moving forward on the boat launch services would allow the City contribution of $500,000 to be reallocated to other projects and would require no increase in operating costs.

**Non-Financial Evaluation of Alternatives:**

1) The benefits and challenges for entering into a partnership agreement with the Harbour Authority to allow subsidized access to City residents at the Discover Harbour Boat Launch were identified in decision criteria above.

2) **Upgrade Big Rock Boat Ramp**
   a) The benefits and challenges for improving Big Rock Boat Ramp with grant funding were identified in decision criteria above.
b) The benefits and challenges for improving Big Rock Boat Ramp without grant funding were identified in decision criteria above.

c) Completing phase 1 of Big Rock Boat Ramp upgrade and delaying phase 2 will not meet all needs identified in the public consultation process.

3) The community has expressed a need for enhanced boat lunch service therefore taking no action would not meet those needs. Campbell River is known as the “salmon capital of the world” with fishing as a key tourism and recreational activity in the community.

**Recommendation:**

Given the capacity limitations at Big Rock Boat Ramp and the significant investment needed to upgrade the facility with given limitations of the site, staff are recommending option 1 which is enter into a partnership agreement with the Harbour Authority to provide boat launch services at a reduced cost to resident boaters. The City could negotiate an agreement to cover a percentage of resident boaters launch fees at this site.

**Implementation Plan:**

A partnership agreement with the Campbell River Harbour Authority for the subsidized resident use of Discovery Harbor Boat Launch could be negotiated in 2016 and current funds allocated to the Big Rock Boat Ramp upgrade project could be re-allocated.

If the decision is made to proceed with upgrades to Big Rock Boat Ramp, final design review and tender development could be done in 2016 with construction occurring in 2017.
Project Title: Ostler Park Redevelopment

Situation Analysis:

Ostler Park is situated in the heart of the City on the downtown foreshore of Campbell River overlooking the Campbell River harbour and the Discovery Passage. The Park is one of the primary community parks and gathering places in Campbell River and is the host venue for a number of events in Campbell River, including the Canada Day celebrations which draws thousands of people from all areas of Vancouver Island.

Redevelopment of this park would be a key catalyst in the Downtown Revitalization process of Campbell River and would also meet many of Council’s strategic priorities including accessible waterfront, a vibrant and prosperous downtown core, support for the tourism industry in attracting visitors and business to the City, access to recreational and cultural amenities as a key to a healthy, vibrant and livable community.

The park has several issues compromising its ability to fully serve the community:

- Severe storms in 2011 and 2012 have compromised the rip rap armoring on the foreshore of Ostler Park. Repair or replacement of the rip rap is necessary to prevent further storm damage to the rip rap and loss of the adjoining seawalk and associated infrastructure.
- When the park was originally built the proper substructure for turf was not established. This has resulted in an uneven parks surface and the inability to properly irrigate the turf which results in severe brown spots throughout the park greenspace.
- One of the downtown storm drainage systems runs through the middle of the park. The pipe appears to be failing in the middle of the park resulting in a large soft, wet spot in the Fall/Winter/Spring seasons.
- The children’s playground at the park is well past its serviceable life and needs to be replaced. Grant funding of $50,000, matched by $50,000 of funding from Parks Parcel Tax, has been received to replace this outdated playground with a new and fully accessible playground. For safety reasons, the new playground should be located away from the parking lot.

Per Council resolution cw 15-0012 from March 25, 2015:

*THAT Council approves as a preferred option an engineered beach to protect the foreshore at Ostler Park.*

The replacement of the existing rip rap with a soft shore beach solution with an estimated cost of $950,000 was approved in the 2015-2019 financial plan with $835,000 funded from Community Works Fund Reserve and $115,000 from Parks Parcel Tax Reserve. However, upon review it was identified that the drainage system that runs from St. Ann’s/Shoppers Row intersection and through Ostler Park requires upgrades. In order to maximize efficiency and economies of scale, the storm drain upgrade could be completed at the same time Ostler Park is redeveloped.

The total estimated cost of the soft shore beach solution and replacement of the drainage is $1,239,000; therefore, an additional $289,000 is required to complete this project. This drainage issue was identified as part of the $950,000 budget however the extent of repairs required for
the drainage system are much more significant than originally estimated due to need to add an oil separator and dissipation chamber and the need to re-locate the pipe. Note that the cost of the soft shore beach project is $607,000 and the drainage works is $632,000 for a total budget of $1,239,000.

Decision Criteria and Measures:

1) Accessible waterfront
2) Vibrant and prosperous downtown core
3) Support for the tourism industry in attracting visitors and business to the City of Campbell River
4) Access to recreational and cultural amenities as a key to a healthy, vibrant and livable community
5) Protecting Ostler Park foreshore and City infrastructure
6) Upgrading downtown storm drain infrastructure for future growth

Accessible waterfront

The existing rip rap is an unsafe obstruction to waterfront access. Creating a soft shore at this location would provide an additional amenity in the downtown core by enabling convenient, safe beach access and waterfront enjoyment.

Vibrant and prosperous downtown core

Downtown revitalization is a key Council strategic priority. Redevelopment of Ostler Park has the potential to make the park a key attraction to the downtown core. Campbell River’s waterfront is a unique and defining feature of our community; establishing a soft shore and access to waterfront in the downtown core would maximize the benefit from this key asset.

Support for the tourism industry in attracting visitors and business to the City of Campbell River

Ostler Park provides capacity in the downtown core to host large special events such as Canada Day and the BC Bike Race. These events attract tourists to the community and specifically to the downtown and inject visitor expenditures into the local economy. Redeveloping Ostler Park will provide an additional attraction to the downtown core and an additional amenity for special events and tourism. A soft shore at Ostler Park would provide an additional area for activities and passive enjoyment.

Access to recreational and cultural amenities as a key to a healthy, vibrant and livable community

Ostler Park has become a focal point for community events and activities and is the featured park in the City’s park system. The park is used for special events such as Canada Day, family events such as weddings and day to day passive enjoyment. The park is also a key visual attraction for the downtown.

Protecting Ostler Park foreshore and City infrastructure

The failure of the rip rap at Ostler Park allows storm waves to surge over the the bank and toss water, logs and rocks up into the park which damages park furniture (picnic tables and benches). If erosion is allowed to continue the seawalk will also be undermined and fail.
Upgrading downtown storm drain infrastructure for future growth

One of the storm drain systems in the downtown core runs through the middle of Ostler Park. The existing pipe appears to have failed in the middle of the park resulting in a soft, wet spot in the Fall/Winter/Spring seasons. The existing system does not have capacity to separate petroleum and other contaminants before the storm water reaches the outfall. Upgrading the storm water system within the park will enable proper elimination of contaminants and provide capacity for future development in the downtown core. The storm drain system will have to be upgraded at some point in the near future.

Alternative Solutions:

1) **Repair the existing rip rap** and maintain existing park infrastructure; the aged storm drain infrastructure would need to be replaced at a future date.

2) **Redevelopment of the park** including replacement of the rip rap with a soft shore, replacement and upgrade of the storm drain system within the park; replacement and relocation of the children’s playground, resurfacing the park including include replacement of the turf and irrigation system and establishment of the proper subsurface. Lighting and additional walkways would also be installed along with the replacement and relocation of the playground.

A third option, rip rap replacement, has not been included as a viable solution. This option does not meet current City Foreshore Development Permit Guidelines. Additionally, this option is slightly more expensive than option 2.

Non-Financial Evaluation of Alternatives:

1) Repair existing rip rap.

The repair of existing rip rap has not been supported by staff in previous reports to Council for the following reasons:

- This option does not meet Council’s strategic priorities.
- The addition of more rip rap materials will not prevent the erosion of the underlying fine material, which migrates through the large spaces between the rip rap undermining the protective layer, causing slumping and failure.
- Adding more rock fill will steepen the face of the foreshore resulting in greater potential for wave and debris overtopping.
- With an increase in frequency and intensity of storms, improperly designed rip rap will need frequent repairs, and will result in more maintenance to the upland portions of the park.

2) Redevelopment of the park including soft shore installation and storm drain upgrade provides the following benefits.

- Aligns with a number of Council’s strategic priorities.
- Aligns with the City’s Foreshore Development Permit Guidelines.
- Replacement and relocation of the unsafe playground.
- Contributes to downtown revitalization.
- Maximizes the parks potential as a downtown and tourism attraction.
- Develops a pocket beach as a downtown destination.
• Provides greater access to the foreshore with a natural beach.
• Increases total park space by 2,660 square metres by providing full access to the waterfront.
• Improves foreshore and marine habitat.
• Is adaptable to sea level rises.

The redevelopment of Ostler Park including soft shore beach installation and storm drain upgrade would provide a key asset and driver for the revitalization of downtown. The drainage upgrade would solve the existing flooding issues and enable future growth in the downtown.

Recommendation:

Staff are recommending option 2 the redevelopment of Ostler Park as the preferred option given the number of positive contributions this project would make to livability in our community. The redevelopment option positively aligns with a number of Council’s strategic priorities and will promote further downtown development and economic activity.

Implementation Plan:

Staff have identified available funding within the existing approved parks capital budget to complete the project including the full cost of the necessary drainage upgrade. The total cost of $1,239,000 will be funded by:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Parks Parcel Tax 2015 approved allocation</td>
<td>$115,000</td>
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<tr>
<td>Community Works Fund Reserve 2015 approved allocation</td>
<td>$835,000</td>
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<tr>
<td>Total project budget approved in 2015</td>
<td>$950,000</td>
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<tr>
<td>Storm Water Parcel Tax allocation</td>
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<tr>
<td>Community Works Fund Reserve additional allocation ($150,000 Marine Foreshore Restoration, $14,000 Seawalk Improvements)</td>
<td>$164,000</td>
</tr>
<tr>
<td><strong>Ostler Park Redevelopment budget</strong></td>
<td><strong>$1,239,000</strong></td>
</tr>
</tbody>
</table>

There are a number of external factors that affect implementation including Fisheries operating windows and special event planning. The objective would be to complete design and construction in 2016, however workload, staff resources, and external factors may necessitate completing the design phase in 2016 with construction in 2017.

The revitalization of this park could also facilitate working with First Nations neighbours to replace the existing big house pavilion at the park.
I. **Situation Analysis:**

Downtown revitalization has been a strategic priority of Council for a number of years. The City’s Sustainable Official Community Plan emphasizes the downtown as the heart of the City and the primary place of celebration, working and shopping. The downtown is a primary focus area for new development and growth, and supports a mix of uses to create vibrancy and a lively public realm including residential, commercial, institutional and public space development.

The City has undertaken a number of planning exercises in the downtown, including the Downtown Study (2006) which provided recommendations to promote mixed use development in the downtown, the Downtown Transportation and Parking Assessment (2007), the Land Use Market Assessment (Rollo – 2011), the Waterfront Charrette exercise for the 9.5 acre site (2013), and a concept plan for Hwy 19A from Robert Ostler Park to Robert’s Reach (2012). As well, the City has invested in infrastructure improvements such as Spirit Square, the downtown washrooms, Tidemark Theatre improvements, and the St.Anns/Alder block infrastructure/streetscape improvements, and incentive programs such as the Downtown Façade Improvement Program, Downtown Tax Exemptions, and reduced DCC’s for new developments. The City has also invested in programming in the downtown, and security.

The Land Use Market Assessment specifically recommends that for downtown revitalization to occur, the City needs to strategically invest in ongoing capital improvements in the downtown.

The next strategic step in efforts to encourage downtown revitalization is to develop the foundational pieces to be development ready and have the framework in place for strategic capital project interventions in the downtown. This work includes undertaking development readiness infrastructure reviews for sewer, water and drainage in the downtown to determine infrastructure capacity and upgrades required to accommodate new development, and developing an overarching conceptual design for streetscape improvements in the downtown core (see attached map).

The following are the key components of the Downtown Development Readiness Review:

A. **Development Readiness Infrastructure Reviews**
   - Sewer Review
   - Water Review
   - Drainage Review

B. **Development Readiness Conceptual Design**

These key components are outlined in more detail in the sections that follow.
Part A. Downtown Development Readiness Infrastructure Reviews

Development Readiness - Downtown Sewer Review:

A review is needed to assess the sewer system to identify existing deficiencies and required upgrades to accommodate anticipated redevelopment and new development in the downtown area, including new multi-family residential and commercial development (eg. Beech Street, Tyee Plaza, 9.5 acre site, Fisherman's Wharf residential etc).

The City has aging infrastructure in the downtown and does not have a plan that identifies existing capacity constraints and how the downtown sewer system will need to be upgraded to accommodate development in the downtown area. Without this plan, decisions on servicing and infrastructure renewal needs are made without the benefit of a comprehensive plan that considers the big picture for downtown development. This may result in future capacity constraints that will limit development in the downtown area or result in inefficient servicing for new development.

Without this information, the City is not able to adequately assess infrastructure requirements for new developments to ensure adequate capacity is available for future development in the downtown. Examples of this challenge arose with the recent development of the Berwick housing facility and the Comfort Inn hotel, where due to a lack of long term sewer plans in the downtown area, servicing was focused solely on the local servicing needed for the immediate developments and did not consider the broader system needs for development in the downtown that would ensure servicing is efficient and maximizes the benefit of any required upgrades.

Development Readiness - Downtown Water Review:

A review is required to assess the water system to identify existing deficiencies and required upgrades to accommodate anticipated redevelopment of the downtown area.

The City does not have a plan that identifies existing capacity constraints in the downtown area and how the water system will need to be upgraded to accommodate development in the downtown area. Without this plan, decisions on servicing needs are made without the benefit of a comprehensive plan that considers the big picture for downtown development. This may result in future capacity constraints that will limit development in the downtown area.

As new development moves forward, without this information, there is a risk that infrastructure will not be adequate to meet the needs of development in the downtown. Without adequate information on infrastructure capacity and upgrade needs, the City could be faced with a future scenario where it is unable to support development in the downtown as capacity needs of infrastructure are limited. As new development occurs, it provides an opportunity for ensuring that the correct infrastructure, including pipe sizing and routing, is installed to accommodate long term demands. If development goes ahead without adequately sized infrastructure this could result in significant infrastructure challenges to the City in the future, potentially resulting in costly upgrades required by the City or developers.
Development Readiness - Downtown Drainage Review:

The downtown storm system has had a number of issues over the past number of years. The system is showing its age and has been affected over the years by development and redevelopment within the downtown. The demand has not only increased, but has changed based on a number of factors that include increased surface run off, aging pipes in poor condition, storm influences that include intensity of rain fall, and weather conditions that create storm surges that restrict the outflow of the water into the ocean. The review of the system will include looking at the overall condition, sizing and structure of the system with a focus on identifying areas of immediate concern, as well as areas that require upgrading due to failing infrastructure. Events over the past few years have increased the risk of property damage and public safety. This report will assist in providing one of the key components to long term revitalization of the downtown area, helping inform streetscape upgrades and new development infrastructure needs.

B. Conceptual Design

The conceptual design for streetscape improvements in the downtown needs to be informed by existing plans, extensive public consultation and stakeholder involvement. Staff proposes developing a conceptual design for streetscape improvements, public spaces, art, and amenities in the downtown. This conceptual process, combined with the sewer, water and drainage reviews needed for the downtown, will enable the City to strategically action capital projects in conjunction with new development in the downtown, help encourage new downtown development, and provide the foundation to work toward comprehensive downtown revitalization. These reviews will also enable the City to be development ready with the information at hand to ensure the form and character of new development and streetscape improvements align with the community vision for the downtown.

The proposed conceptual urban design initiative will include extensive community engagement resulting in a series of renderings of streetscape designs and public realm improvements for the downtown. Paralleling this process, the Transportation Department will carry out a review of the City’s 2007 Downtown Parking Assessment to bring this information up to date and inform the overall downtown strategy.

The conceptual design initiative will include three key components:

1) Public Consultation
2) Conceptual Design (Streetscape illustrations)
3) Implementation Plan (Phasing and Financing Options).

The downtown design concept and infrastructure reviews are linked directly to Council's Strategic Priorities for Downtown Revitalization. They also link to Council's Priorities of: Livability – Waterfront and Management & Governance – Maintain Infrastructure.
II. Decision Criteria and Measures:

In order to move forward strategically on major downtown initiatives, the City needs to have an understanding of infrastructure capacity and needs for sewer, water and storm drainage upgrades in the downtown. Without this information, the City will be unprepared to strategically undertake major capital projects and is unable to make informed decisions regarding infrastructure requirements for new development (e.g. servicing concepts and pipe sizing to accommodate future system demands for sewer/water/storm drain). This approach, without the needed infrastructure information, may result in the City having inefficient and undersized infrastructure.

Critical infrastructure information for the downtown, combined with streetscape concepts developed through a meaningful public process, is essential to ensure that the City is development ready. With several potential new/renovation opportunities upcoming in the downtown (such as the Tyee Plaza, Beech Street, Steve Marshall Ford Site to name a few), it is important for the City to have infrastructure information available for developers and the City to ensure adequate capacity and efficiently functioning systems are in place to accommodate growth.

As well, having a streetscape plan and capital financing strategy in place would enable the City to undertake strategic capital improvements that align with new development. For example, when the new Healthyway store was developed on 11th Avenue, the City was without infrastructure assessment information, a streetscape plan or financing to allow for synergies with the new development. If the City had determined that this area was a priority for streetscape/infrastructure upgrades in advance of new development, the City could have potentially realized savings by undertaking infrastructure development at the same time as the developer, and added to the overall downtown revitalization impact of the new development by undertaking a streetscape upgrade coinciding with the new development. Undertaking capital upgrades at the same time as new development is taking place also has less of a disruptive impact on neighbouring businesses than doing such efforts at separate times. Without the needed infrastructure information and streetscape concepts, new development, such as the Healthyway store proceeds at a speed at which the City is unable to effectively react and synergize with capital improvements where appropriate.

The information provided below outlines an overview of key elements of the proposed Downtown Development Readiness Review.

A. Financial Cost:

The proposed review will cost a total of $225,000.

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
<th>Funding Source (Options)</th>
</tr>
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<tbody>
<tr>
<td>Downtown Sewer Review</td>
<td>$40,000</td>
<td>Sewer Utility Fees</td>
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<tr>
<td>Downtown Water Review</td>
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<td>Water Utility Fees</td>
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<tr>
<td>Downtown Storm Drainage Review</td>
<td>$30,000</td>
<td>Stormwater Parcel Tax</td>
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<tr>
<td>Downtown Design Concept</td>
<td>$125,000</td>
<td>2016 Allocation of One-Time SLCR Funding, Gaming Reserve</td>
</tr>
<tr>
<td>Total:</td>
<td>$225,000</td>
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</tr>
</tbody>
</table>
B. Required Staff Resources:

This initiative will require staff resources from the Community Planning & Development Services, Utilities and Transportation Departments, as well as the General Manager of Operations.

The infrastructure reviews will take staff time for engaging a consultant, liaising with the consultant, reviewing the findings, and making recommendations to incorporate into the overall phasing/financing strategy for downtown. Staff time from the Utilities Department for the sewer and water reviews, and the Transportation Department to support the drainage review and the update to the 2007 downtown parking assessment is expected to be limited and has been incorporated into the 2016 departmental work plans.

The concept design will include comprehensive public engagement to identify streetscape improvements to be made throughout the downtown. Staff time from the Community Planning & Development Services Department (CPDS) will be required to develop the RFP, engage a consulting team, work with the consulting team, host open houses, field media inquiries and review the draft concept. Staff time from CPDS is estimated to be a total of 150 hours over the course of six months. This staff time has been accounted for in development of the 2016 departmental work plan.

C. Project Scope:

The project scope will cover infrastructure reviews and development of a design concept for the downtown core (see attached map).

Part A: The infrastructure reviews will include the following components:
- Assessment of current state of infrastructure systems (sewer, water, storm drainage)
- Review of land use and development opportunities in the downtown/expected growth and associated infrastructure capacity needs
- Recommendations of infrastructure upgrades required to meet projected growth and development needs

Part B: The design concept will include the following components:
- Extensive public/stakeholder engagement on streetscape improvements in the downtown
- Review of concepts with City Council, the Advisory Planning and Environment Commission and Community Services Recreation and Culture Commission
- Review and incorporation of:
  - City’s Official Community Plan west coast Form & Character Development Permit Guidelines
  - Past downtown plans/concepts (eg. Downtown Study, Spirit Square Phase 3 Concept Plan, Waterfront Improvement Concept etc.)
  - Relevant aspects of the Zoning Bylaw for Downtown (Note: The update to the Zoning Bylaw may include recommendations from the Downtown Design Concept)
- Consideration of the following key elements for development of streetscape improvement recommendations:
  - waterfront accessibility
o connections to key shopping areas
o microclimatic conditions (sun, shadowing, wind, rain protection)
o roadway and sidewalk areas
o pedestrian streetscape, street edging, landscaping, and integration with public spaces
o high level street tree evaluation (including aesthetic/public space/environmental impacts and existing street tree issues eg. London Planes)

o power supply for downtown events
o parking areas
o signage and lighting

- Incorporation of high level recommendations from an update to the 2007 downtown parking assessment
- Incorporation of key recommendations for infrastructure upgrades (high level) to influence implementation strategy – phasing/financing
- Development of cross-sectional drawings for priority streetscape improvements in the downtown (with specific focus on the waterfront, Pier Street, Shoppers Row, 11th Avenue, 13th Avenue, 16th Avenue and Beech Street)
- Detailed and specific streetscape details, lighting, landscaping, road and sidewalk designs that can be acted upon by the City. The report is to be in a form that is user-friendly and easily understood by stakeholders yet technical enough for implementation.
- Implementation Strategy – Phasing (major project selection list and criteria); Financing (including high level cost estimates and funding options); Next Steps

Staff proposes hiring consultants to undertake the downtown development readiness reviews for the following reasons:

- The infrastructure reviews require the technical expertise of engineering consultants who have in depth knowledge and experience in completing sewer, water and drainage reviews, and undertaking associated design and modelling work. Utilities and Transportation staff do not have the capacity, modelling software, or expertise to undertake these reviews.
- The downtown Design Concept requires cross-sectional illustrations of streetscapes in the downtown and staff do not have the in house capability to develop such renderings as we do not have an urban designer or landscape architect on staff
- Staff do not have the time available to complete the Design Concept in house as staff time is primarily dedicated to day to day operations and there is limited availability for special projects and policy work
- External consultants have the ability to complete the reviews and design concept in an efficient manner and bring needed technical expertise, and an external view and knowledge to the project to ensure an outstanding product to move the City forward with its downtown revitalization efforts

D. Timing and Completion Dates:

Consultants will be retained for the development readiness infrastructure reviews and downtown design concept in the first quarter of 2016. During the second quarter, public engagement and development of streetscape concepts for the design concept will take place and the infrastructure reviews will be completed. By the end of the third quarter, the Design Concept will be completed. This will allow for potential selection of a major capital project and incorporation of a design budget into the 2017 budget. See attached timeline for overview.
E. Public Engagement:

The downtown design concept will include multi-stakeholder engagement with groups such as local businesses, the Downtown BIA, the Chamber of Commerce, First Nations, the Young Professionals, Rotary, the City’s Commissions, the Youth Action Committee, the Arts Council, Spirit Square & the Tidemark Theatre, the Library Board, and the public at large. Public and stakeholder feedback on the vision and priorities for the downtown will enable Council to prioritize and deliver meaningful downtown revitalization projects.

III. Preferred and Alternative Solutions:

Option 1 (Preferred): Consultants Undertake Downtown Development Readiness Review

The first option (as outlined above) is for Council to direct staff to hire consultants to undertake a downtown design concept for streetscape improvements throughout the downtown core. This would include extensive public engagement, and be accompanied by downtown development readiness reviews for sewer, water and storm drainage to determine infrastructure capacity needs for future development. This option has the following advantages:

- Minimize risk of inadequate infrastructure upgrades in the downtown during new development due to lack of knowledge of infrastructure capacity and required upgrades
- Provide infrastructure information required to ensure upgrades allow for sufficient capacity to accommodate new growth and development in the downtown
- Engage the public and key stakeholders in overall downtown concepts and streetscape upgrades to ensure Council’s decisions
- Provide cross-sectional illustrations of key streetscape improvements in the downtown to enable the City to action capital improvements in conjunction with new development opportunities and/or funding availability
- Provide the foundational information to enable the City to be development ready and develop a phased Capital Plan that can be actioned over the next 10 years for streetscape improvements in the downtown
- The consulting teams will provide the needed technical engineering and urban design expertise and capacity required to complete the project in 2016

Option 2: Consultants & Staff to Undertake Development Readiness Review

The second option is for Council to direct staff to hire consultants for the infrastructure assessments and to use a combination of consultant and staff time to undertake the downtown design concept. This option has many of the same benefits as Option 1, however, it is not currently feasible with existing resources. The infrastructure assessments require technical consultants as staff do not have the time or ability (including modelling software) to undertake these assessments in house. The downtown design concept would require at minimum, consulting expertise for development of cross-sectional streetscape illustrations. Due to limited resources, staff does not have the time to undertake the remainder of the downtown design concept work in house without deferring all other policy work from the work plan (including the OCP/Zoning update, Sign Bylaw Update, future Subdivision and Development Servicing Bylaw Update etc), and several special programs such as the Downtown Façade Improvement Program, Youth Action Committee, Woodstove Exchange Program, and energy and waste reduction initiatives were put on hold.
Option 3: Undertake the Downtown Development Readiness Review in Phases
The third option is for the City, using consultants, to undertake the review in a phased approach. This could involve undertaking the infrastructure reviews in phase 1 (2016) and the detailed design concept in a future year (2017). This has many of the same benefits of Option 1 and 2 and would provide the City with the critical infrastructure information needed to promote development in the downtown. However, the City would not be well positioned to be ready to proceed with a major capital project/upgrade to the streetscape in the downtown until the downtown design concept portion was completed in 2017.

Option 4: Choose not to Proceed with Downtown Development Readiness Review
The fourth option is for the City to not proceed with the infrastructure reviews or design concept development. This option presents the City with the following risks:
- Inadequate information on required infrastructure renewals due to aging infrastructure
- Inadequate information on required infrastructure capacity and associated upgrade requirements to accommodate new growth and development in downtown
- Lack of public engagement on streetscape concepts for undertaking major capital projects (similar in scale to the St Ann’s/Alder Street upgrades)
- Lack of a financing strategy for downtown capital projects
- Inability to strategically synergize with new development to complete infrastructure and streetscape upgrades in the downtown
- Uncoordinated and inefficient, piecemeal approach to downtown revitalization initiatives resulting in the potential for increased long term servicing and upgrade costs.
- Potential feeling by public, BIA, and other stakeholders that the City is not doing meaningful engagement with the public to ensure public interest is represented in downtown revitalization efforts by the City

IV. Financial Evaluation of Alternatives:

Option 1: The first option for the downtown design concept, sewer, water and drainage reviews would cost the City a total of $225,000.

Option 2: The second option using consultants and in house staff time would likely result in a cost savings of $50,000 for using in house staff time for the Design Concept. The costs for infrastructure reviews would remain the same at $100,000, and the total budget would likely be $175,000 plus staff time.

Option 3: The third option of doing a phased approach would result in a $100,000 expenditure for infrastructure reviews in 2016 and a $125,000 expenditure in 2017.

Option 4: The fourth option of not proceeding would not result in any direct costs related to the reviews. However, without adequate infrastructure information the City will not be positioned to promote development in the downtown, which has potential economic consequences for the community, and may incur additional future costs for major capital upgrades for sewer, water and storm drainage due to infrastructure needs being inadequately assessed prior to development occurring.
V. Non-Financial Evaluation of Alternatives:

Option 1 would enable the City to be development ready. The City would have a comprehensive design concept and strategy for the downtown for large scale capital improvements and has the benefit of extensive public engagement. The infrastructure reviews for sewer, water and drainage are needed for the City to ensure that the infrastructure capacity needs are identified and a plan is in place to support downtown development and future growth, in particular residential growth. This option provides the foundation for engaging in a large capital project in a subsequent year and supporting new development in the downtown.

Option 2 (consultants/in house) would enable the City to proceed with the infrastructure reviews carried out by an external consultant, but would limit the City’s ability to respond to other policy issues and run a broad range of special programs for the community if City staff were to undertake a significant portion of the design concept work. With limited staff time availability, this option for the design concept would have to be selected in lieu of other policy and project work on the plates of Community Planning and Development Services staff or deferred until at least 2018, depending on staff resourcing availability.

Option 3 (phases) would provide the City with the foundational information to be development ready. As a phased approach, the City would have limited ability to undertake a new major streetscape/infrastructure improvement project in the downtown in 2017/18, but would be well positioned to undertake such a project in future years. A delay in this concept work would also limit the City’s ability to ensure the form and character of development fits the larger picture until this planning work is completed.

Option 4 (not proceeding) limits the City’s ability to strategically undertake significant downtown revitalization efforts in the downtown, and leaves the City without the required foundational information to appropriately invest in major capital improvement projects (streetscape/infrastructure upgrades in the downtown). Infrastructure renewal projects would not have the required information to incorporate capacity upgrades to accommodate growth.

VI. Recommendation:

Staff recommends Option 1 – Downtown Development Readiness Review, which includes the downtown design concept and sewer, water and drainage reviews at an estimated cost of $225,000. This option would provide a comprehensive strategy, complete with public engagement, and the needed infrastructure assessments to enable the City to be development ready to support new development and growth in the downtown. The infrastructure reviews and design concept would prepare the City to strategically undertake large capital investments in the downtown. The infrastructure assessments are critical in determining the capacity needs for sewer, water and drainage in the downtown to enable the City to support new development and strategically upgrade aging infrastructure in the downtown.

This work would then enable Council to proceed with design and construction of a new large capital project in subsequent years. Design work for a new large capital project could be undertaken in 2017 and construction in 2018 with the aim for completion in the fall of 2018.
VII. Implementation Plan:

The attached timeline illustrates the proposed progress for the Downtown Development Readiness Review (infrastructure reviews & design concept) – Option 1.

Key Milestones:
- Project Initiation – first quarter 2016
- Infrastructure Reviews Complete – second quarter 2016
- Design Concept (Public Engagement/Streetscape Renderings – second quarter 2016
- Design Concept Completion – third quarter 2016

The project would be completed by the fall of 2016, enabling potential selection of a major capital project in the fall of 2016 for design work in 2017.

Attachments:
- Downtown Map
- Downtown Development Readiness Review Process/Outcome Flowchart
- Downtown Development Readiness Review Timeline (2016)
- Overview of Downtown Enhancement Initiatives
- Overview of Downtown Maintenance Initiatives
Downtown Development Readiness Review and Major Capital Project

2016

Downtown Development Review - Sewer
Downtown Development Review - Water
Downtown Development Review - Drainage

Public Engagement & Streetscape Design

Downtown Design Concept

Development Servicing
- Information for Developers

Major Project List & Project Selection

2017

Development Opportunities
Eg:
- Tyee Plaza
- Beech St.
- Waterfront Site
- SM Ford Site

Detailed Design

2018

Construction & Major Capital Project Completion

Downtown Development Readiness Review
## Downtown Development Readiness Review

### 2016 Timeline

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Jan. to March 31</th>
<th>April 1 to June 30</th>
<th>July 1 to Sept. 30</th>
<th>Oct. 1 to Dec. 31</th>
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<tbody>
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<td>Complete review</td>
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<td><strong>Sewer Review</strong></td>
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<td><strong>Drainage Review</strong></td>
<td>Engage consultant</td>
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<td><strong>Downtown Concept Plan</strong></td>
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<tr>
<td><strong>Major Project Selection</strong></td>
<td>Engage consultant</td>
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</tbody>
</table>

- **Public/stakeholder engagement:**
  - streetscape design renderings
  - Parking assessment update

- Complete concept plan with phasing + financing strategy

Select project & incorporate into budget for design in 2017
## Downtown Enhancements and Initiatives

<table>
<thead>
<tr>
<th>Scale</th>
<th>Project Description</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td><strong>Small Scale</strong></td>
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<td>On-Going</td>
<td>On-Going</td>
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<td></td>
<td>Sanitary Lift Station #10 Upgrades</td>
<td>Construction</td>
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<tr>
<td></td>
<td>Maritime Heritage Centre / Discovery Pier Sign Replacement</td>
<td>Completed</td>
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<tr>
<td></td>
<td>Downtown Signage Incentive Program</td>
<td>Initiated</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Public Art Funding (community-wide)</td>
<td>Initiated</td>
<td>On-Going</td>
<td>On-Going</td>
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<td>Downtown Small Initiatives Fund</td>
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<td>-</td>
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<tr>
<td></td>
<td>Ostler Park Playground Replacement</td>
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<td>-</td>
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<tr>
<td></td>
<td>Downtown Design Concept</td>
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<tr>
<td></td>
<td>Downtown Development Review - Sewer</td>
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<tr>
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<td>Downtown Development Review - Water</td>
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<td>Downtown Development Review - Drainage</td>
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<td><strong>Medium Scale</strong></td>
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<td>Construction</td>
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<tr>
<td></td>
<td>Maritime Heritage Centre Entrance Improvements</td>
<td>Design</td>
<td>Construction</td>
<td>-</td>
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<tr>
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<td>Ferry Terminal Entrance Upgrade</td>
<td>Design</td>
<td>Construction</td>
<td>-</td>
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<tr>
<td></td>
<td>Tidemark Theatre &amp; Library Facade Improvements &amp; Phase 3 Spirit Square</td>
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<td></td>
<td>City Hall Facade Upgrade</td>
<td>Design</td>
<td>Construction</td>
<td>-</td>
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<tr>
<td><strong>Large Scale</strong></td>
<td>Robert Ostler Park Project (Beach/Drainage/Park Update)</td>
<td>Design</td>
<td>Construction</td>
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<tr>
<td></td>
<td>Streetscape and Infrastructure Upgrade (Major Capital)</td>
<td>-</td>
<td>Design</td>
<td>Construction</td>
</tr>
</tbody>
</table>

1. These projects are also maintenance projects but will result in significant visual enhancements
2. Scale is primarily financially based.
3. Projects in blue text are CFWDs and projects in black text are new
<table>
<thead>
<tr>
<th>Project</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>Tidemark Theatre Catwalk</td>
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<tr>
<td>Tidemark Theatre Painting</td>
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<td>Seagull Walkway Improvements (Ostler Park to Government Wharf)</td>
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<td>Tidemark Theatre Lower Roof Replacement</td>
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<td>Logger Mike Improvements</td>
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<tr>
<td>Big House Pavilion Structural Repairs</td>
<td>Completed</td>
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<tr>
<td>Discovery Pier Structural Repairs &amp; Refurbishment</td>
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<td>Maritime Heritage Centre Railing Replacement</td>
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<tr>
<td>Maritime Heritage Centre Envelope Repairs</td>
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### Downtown Initiatives - Enhancements

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<th>Area</th>
<th>Initiative</th>
<th>Scale (S/M/L)</th>
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<th>2017</th>
<th>2018</th>
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<td>Seagull Walkway Improvements (Ostler Park to Government Warf)</td>
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