



FINANCIAL MANAGEMENT COMMITTEE

NOTICE OF OPEN MEETING

DATE: THURSDAY, 2015 MARCH 26
TIME: 5:30 PM
PLACE: Works Yard Training Room, 4855 Still Creek Drive

*Tour of Works Yard
5:00 – 5:30 p.m.*

A G E N D A

- | | <u>PAGE</u> |
|--|-------------|
| 1. <u>CALL TO ORDER</u> | |
| 2. <u>MINUTES</u> | |
| a) Minutes of the Open meeting of the Financial Management Committee held on 2015 March 03 | 1 |
| 3. <u>REPORTS</u> | |
| a) Report from the Director Finance
Re: Insurance Contract Renewals - Nine Programs | 7 |
| 4. <u>NEW BUSINESS</u> | |
| 5. <u>INQUIRIES</u> | |
| 6. <u>CLOSED</u> | |
| Public excluded in accordance with Sections 90 and 92 of the Community Charter of BC. | |
| 7. <u>ADJOURNMENT</u> | |



FINANCIAL MANAGEMENT COMMITTEE MINUTES

Tuesday, 2015 March 03

An 'Open' meeting of the Financial Management Committee was held in the Council Committee Room, Burnaby City Hall, 4949 Canada Way, Burnaby, B.C. on Tuesday, **2015 March 03** at 4:00 PM.

1. CALL TO ORDER

PRESENT: Councillor D. Johnston, Chair
Councillor C. Jordan, Vice Chair
Councillor P. McDonell, Member

STAFF: Mr. L. Chu, Deputy City Manager
Mr. L. Pelletier, Director Planning and Building
Mr. L. Gous, Director Engineering
Ms. D. Jorgenson, Director Finance
Mr. P. Shek, Chief Building Inspector
Mr. J. Cusano, Deputy Chief Building Inspector
Ms. B. Zeinabova, Administrative Officer

The Chair called the Open meeting to order at 4:59 p.m.

2. MINUTES

a) Open meeting of the Financial Management Committee held on 2015 January 29

MOVED BY COUNCILLOR C. JORDAN:

SECONDED BY COUNCILLOR P. MCDONELL:

THAT the minutes of the 'Open' meeting of the Financial Management Committee held on 2015 January 29 be adopted.

CARRIED UNANIMOUSLY

3. CORRESPONDENCE

MOVED BY COUNCILLOR C. JORDAN:
SECONDED BY COUNCILLOR P. MCDONELL:

THAT the correspondence be received.

CARRIED UNANIMOUSLY

a) Memorandum from the Director Finance
Re: Contract Award - Hired Equipment Services
Additional Information

A memorandum was received from the Director Finance in response to the Committee's request to provide additional information regarding the vendors selected to provide Hired Equipment Services and the determination of the projected contract value of \$9 million.

4. REPORTS

MOVED BY COUNCILLOR P. MCDONELL:
SECONDED BY COUNCILLOR C. JORDAN:

THAT the reports be received.

CARRIED UNANIMOUSLY

a) Report from the Director Engineering
Re: Updated Bus Bench Program

The Director Engineering submitted a report providing information about changes to the City's bus bench program.

The Director Engineering recommended:

1. THAT the Financial Management Committee receive this report for information.

MOVED BY COUNCILLOR P. MCDONELL:
SECONDED BY COUNCILLOR C. JORDAN:

THAT the recommendation of the Director Engineering be adopted.

CARRIED UNANIMOUSLY

b) Report from the Director Engineering
Re: 2015 Capital Improvements Bylaw Funding Request

The Director Engineering submitted a report seeking funding approval for various capital improvements (Culvert Inspection & Rehabilitation; Infrastructure Improvements - cost shared with private development; Byrne Creek Pump Station Backup Power Project; Structures; Riverside Area Improvements - Phase 1, Pump Stations and PRV's Upgrades; and Traffic Management).

The Director Engineering recommended:

1. THAT the Financial Management Committee recommend Council approve the capital expenditure of \$7.245 Million for various capital improvements, as outlined in this report.
2. THAT the Financial Management Committee recommend Council to authorize staff to bring down a bylaw in the amount of \$6.773 Million (inclusive of GST), and draw from the Waterworks Utility Capital Fund the amount of \$209,400 (inclusive of GST) and the Sanitary Sewer Capital Fund the amount of \$601,900 (inclusive of GST) to finance the capital programs, as outlined in this report.

MOVED BY COUNCILLOR C. JORDAN:

SECONDED BY COUNCILLOR P. MCDONELL:

THAT the recommendations of the Director Engineering be adopted.

CARRIED UNANIMOUSLY

The Committee requested staff provide a list of intersections scheduled for traffic signal replacement, including the ones with new traffic signals.

Staff undertook to provide the list.

c) Report from the Director Planning and Building
Re: Renovations to City Hall - North Block

The Director Planning and Building submitted a report seeking funding approval to finance upgrades and renovations to the City Hall - North Block.

The Director Planning and Building recommended:

1. THAT Council be requested to bring down a Capital Reserves Expenditure Bylaw in the amount of \$475,000 (inclusive of 5% GST) for proposed upgrades and renovations to City Hall - North Block.

MOVED BY COUNCILLOR C. JORDAN:
SECONDED BY COUNCILLOR P. MCDONELL:

THAT the recommendation of the Director Planning and Building be adopted.

CARRIED UNANIMOUSLY

d) Report from the Director Finance
Re: Asset Management Program

The Director Finance submitted a report seeking approval to develop a comprehensive Waterworks Infrastructure Asset Management Plan.

The Director Finance recommended:

1. THAT the Financial Management Committee recommend Council authorize staff to develop a comprehensive Waterworks Infrastructure Asset Management Plan and approve funding of \$40,000 from the Stabilization Fund.
2. THAT the Financial Management Committee recommend Council authorize staff to apply for an Asset Management Planning Program Grant of up to \$10,000 from the Ministry of Community, Sport and Cultural Development for the development of a Waterworks Infrastructure Asset Management Plan.

MOVED BY COUNCILLOR C. JORDAN:
SECONDED BY COUNCILLOR P. MCDONELL:

THAT the recommendations of the Director Finance be adopted.

CARRIED UNANIMOUSLY

5. NEW BUSINESS

Councillor Jordan

Councillor Jordan referred to a memorandum from the Director Finance regarding 2014 Gaming Funds, and noted 2014 gaming revenue from the Province totalled \$10 million.

Councillor Jordan referred to a memorandum from the Director Finance regarding Cameron Children's Centre Licence Renewal, responding to Council's request for further information regarding City-owned daycare centres.

The Committee requested that leases be extended to 2018 for all the daycare centres, which will give the City time to analyze the costs, do a feasibility study and investigate ongoing liability issues regarding maintenance costs.

Staff undertook to provide a draft letter to the daycare centres to the Committee prior to mailing it.

6. INQUIRIES

There were no inquiries brought before the Committee at this time.

7. CLOSED

Public excluded in accordance with Sections 90 and 92 of the Community Charter of BC.

MOVED BY COUNCILLOR P. MCDONELL:
SECONDED BY COUNCILLOR C. JORDAN:

THAT this meeting do now recess.

CARRIED UNANIMOUSLY

The Open Committee meeting recessed at 5:31 p.m.

MOVED BY COUNCILLOR P. MCDONELL:
SECONDED BY COUNCILLOR C. JORDAN:

THAT the Open Committee meeting do now reconvene.

CARRIED UNANIMOUSLY

The Open Committee meeting reconvened at 5:37 p.m.

NEW BUSINESS

Councillor Johnston

Councillor Johnston requested staff provide a report on the Edmonds site redevelopment (i.e. obstacles, role of BC Housing, how quickly the building can be demolished, etc.)

Staff noted that a report will be submitted to Council in the future.

Councillor Johnston requested staff arrange a tour of the Works Yard for the members of the Financial Management Committee.

Staff undertook to investigate.

Councillor Johnston requested a meeting between the Financial Management Committee and the Directors of Planning and Building, Engineering, Parks and Chair of the Parks Commission to discuss Willingdon trail.

Staff is working on the noted program and a Council workshop will be held in the near future.

8. ADJOURNMENT

MOVED BY COUNCILLOR C. JORDAN:

SECONDED BY COUNCILLOR P. MCDONELL:

THAT this Open Committee meeting do now adjourn.

CARRIED UNANIMOUSLY

The Open meeting adjourned at 5:50 p.m.

Blanka Zeinabova
ADMINISTRATIVE OFFICER

Councillor Dan Johnston
CHAIR



Meeting 2015 Mar 26

COMMITTEE REPORT

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2015 March 18

FROM: DIRECTOR FINANCE

FILE: 5820-01
Reference: Willis Canada

SUBJECT: INSURANCE CONTRACT RENEWALS - NINE PROGRAMS

PURPOSE: To request approval to award insurance contracts for the annual Property and Liability insurance programs maintained by the City.

RECOMMENDATION:

1. **THAT** the Financial Management Committee recommend Council approve the award of nine (9) contracts of insurance as specified in this report. The total amount, payable to Willis Canada to fund the insurance premiums is \$911,000. Actual payment will be based on the final insurance agreements.

REPORT

Working with the City's brokers at Willis Canada in Vancouver, the Risk Management Department manages the marketing, selecting, and arranging insurance coverage for the City. For an annual fee Willis Canada provides a wide range of professional services that include: advice and negotiation of coverage and policy wording; marketing of the City's risk in the global insurance market; binding coverage and paying premium on behalf of the City; and, as necessary, acting as claims advocate with insurers.

The City's insurance programs renew annually on May 01 with the exception of the ICBC fleet program which renews on January 01. Insurance premium is determined by multiplying the total insured value by the insuring rate. Any increase in the total insured value results in a corresponding premium increase even if the rate remains unchanged from one year to the next. In 2015 February, Willis Canada was instructed to research and approach markets for the City's insurance programs. The following is based upon the most up to date information available from Willis Canada.

1.0 PROPERTY INSURANCE

The City's property assets are appraised annually by Universal Appraisal Services. The total insured value has risen \$80 million from \$575 million in 2014 to \$655 million in 2015. Increases in total insured value are attributable to new facilities constructed during 2014 and the inclusion, this year, of 20 previously uninsured pedestrian overpasses valued at \$29.4 million. Other significant factors are the rising cost of replacement construction due to inflation and a growing accumulation of building code and bylaw update requirements for replacement construction. A

To: Chair and Members Financial Management Committee
 From: Director Finance
 Re: Insurance Contract Renewals - Nine Programs
 2015 March 18Page 2

major marketing campaign was completed two years ago from which Royal & Sun Alliance (RSA) was selected. RSA remains a very strong insurer with an "A" credit rating. RSA has sufficient capacity and has confirmed it will offer competitive renewal terms prior to the 2015 May 01 renewal date. The expected total cost of the major Property program based on the current appraised values will be between \$524,000 and \$550,000 (to accommodate up to a 5% rate increase).

Boiler & Machinery coverage for all insured assets is purchased separately from RSA. As the cost of this program is also tied directly to the total insured value the cost this year is expected to rise proportionately. We expect the price of this insurance will not exceed \$25,000 in 2015.

2.0 COMMERCIAL GENERAL AND EXCESS LIABILITY

This past year was the last of a three year program offered by the incumbent liability insurer, QBE London. This insurer has confirmed they will quote on the program and will be asked to commit to the premium for another three years. The municipal liability insurance market remains quite small and there are no other insurers able to compete with this program or pricing at this time. The insurer provides \$30 million of Primary and Excess/Umbrella liability coverage to the City. Population is a key rate driver of municipal liability programs. The total annual premium for the next three years is expected to be not more than \$230,000 per year.

3.0 OTHER PROGRAMS

Willis Canada actively markets several other smaller insurance programs, including the Crime and Fidelity policy with Travelers; two lesser Property programs, currently placed with RSA, that apply to commercial properties at Deer Lake I & II, the Hart House Restaurant, and Brentwood Community Resource Centre; a primary Commercial General Liability policy specific to the Deer Lake I and II operations placed with Aviva Canada; and, a corporate Non-Owned Auto policy provided by ICBC. In each case, based on other recent renewals of similar classes of business, Willis Canada advises that the incumbent insurers are expected to offer favorable renewals that are near the same rate as the expiring contracts. In late 2014 a baseline replacement cost appraisal was completed on Deer Lake I & II when the City elected to insure certain leasehold improvements. This resulted in a 35% increase in the replacement valuation of these holdings (note: insurance costs are recovered from commercial tenants). Total premium for these programs is expected to be not more than \$106,000.

4.0 RECOMMENDATION

The cost of maintaining insurance programs is a necessary operating expense included in the 2015 – 2019 Provisional Financial Plan. Insurance charges are exempted from PST and GST. It is recommended that the Financial Management Committee request Council to approve and authorize staff to award these nine insurance contracts. The total premium, payable to Willis Canada to fund the nine insurance programs, is \$911,000.

For 
 Denise Jorgenson
 DIRECTOR FINANCE

BK:MF/ab

cc: City Manager
 Risk Manager