

The Corporation of the  
CITY OF WHITE ROCK



Finance and Audit Committee  
AGENDA

Monday, December 7, 2020, 5:00 p.m.

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City Hall Council Chambers

15322 Buena Vista Avenue, White Rock, BC, V4B 1Y6

**\*Live Streaming/Telecast:** Please note that all Committees, Task Forces, Council Meetings, and Public Hearings held in the Council Chamber are being recorded and broadcasted as well included on the City's website at: [www.whiterockcity.ca](http://www.whiterockcity.ca)

The City of White Rock is committed to the health and safety of our community. In keeping with Ministerial Order No. M192 from the Province of British Columbia, City Council meetings will take place without the public in attendance at this time until further notice.

T. Arthur, Director of Corporate Administration

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Pages

1. CALL TO ORDER (Councillor Kristjanson, Chairperson)

1.1. MOTION TO CONDUCT FINANCE AND AUDIT COMMITTEE MEETING  
WITHOUT THE PUBLIC IN ATTENDANCE

**RECOMMENDATION**

WHEREAS COVID-19 has been declared a global pandemic;

WHEREAS the City of White Rock has been able to continue to provide the public access to the meetings through live streaming;

WHEREAS holding public meetings in the City Hall Council Chambers, where all the audio/video equipment has been set up for the live streaming program, would not be possible without breaching physical distancing restrictions due to its size, and holding public meetings at the White Rock Community Centre would cause further financial impact to City Operations due to staffing resources and not enable live streaming;

WHEREAS Ministerial Order No. 192 requires Council carry a motion in order to hold public meetings electronically, without members of the public present in person at the meeting;

THEREFORE BE IT RESOLVED THAT the Finance and Audit Committee (including all members of Council) authorizes the City of White Rock to hold the December 7, 2020 Finance and Audit Committee meeting to be video

streamed and available on the City's website, and without the public present in the Council Chambers via electronic means.

**2. ADOPTION OF AGENDA**

**RECOMMENDATION**

THAT the Finance and Audit Committee adopt the agenda for December 7, 2020 as circulated.

**3. ADOPTION OF MINUTES**

4

**RECOMMENDATION**

THAT the Finance and Audit Committee adopt the minutes of the November 23, 2020 meeting as circulated.

**4. KPMG - AUDIT PLANNING REPORT FOR THE YEAR ENDING DECEMBER 31, 2020**

Carol Chiang, Engagement Partner, Brandon Ma Engagement Partner and Aanu Adeleye Senior Manager of KPMG Enterprise (City Auditors) to give a presentation titled "City of White Rock Audit Planning Report for the year ending December 31, 2020".

**5. ADJOURNMENT / RECONVENE FINANCE AND AUDIT COMMITTEE MEETING**

The meeting will be adjourned at this time for a **Closed Item** to be discussed (Purpose: Property - Legal Advice on Potential Litigation). Once discussion on the item is concluded the Finance and Audit Open Meeting will be reconvened.

**RECOMMENDATION**

THAT the meeting of the Finance and Audit Committee scheduled for December 7, 2020 be closed pursuant to the *Community Charter* provisions 90(1) (e), (g), (i) and (j):

*(e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality;*

*(g) litigation or potential litigation affecting the municipality;*

*(i) the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and*

*(j) information that is prohibited, or information that if it were presented in a document would be prohibited from disclosure under section 21 of the Freedom of Information and Protection of Privacy Act.*

To Discuss an item as follows:

Purpose: Property - Legal Advice on Potential Litigation

AND THAT the Finance and Audit Committee open meeting of December 7, 2020 will resume once this Item has been concluded.

**6. 2021 FEES AND CHARGES BYLAW, 2020, NO. 2369 7**

Corporate report dated December 7, 2020 from the Director of Financial Services titled "2021 Fees and Charges Bylaw, 2020, No. 2369".

Note: The bylaw has been placed on the December 7, 2020 Regular Council agenda for consideration by Council later this evening.

**RECOMMENDATION**

THAT the Finance and Audit Committee endorse the proposed "2021 Fees and Charges Bylaw, 2020, No. 2369."

**7. AFFORDABLE HOUSING RESERVE FUND BYLAW, 2020, NO. 2367 29**

Corporate report dated December 7, 2020 from the Director of Planning and Development Services titled "Affordable Housing Reserve Fund Bylaw, 2020, No. 2367."

Note: The bylaw has been placed on the December 7, 2020 Regular Council agenda for consideration by Council later this evening.

**RECOMMENDATION**

THAT the Finance and Audit Committee recommend that Council give first, second and third readings to "*Affordable Housing Reserve Fund Bylaw, 2020, No. 2367.*"

**8. POTENTIAL IMPACT AND PROPOSED BUDGET INCREMENTS FOR 2021 35**

Corporate report dated December 7, 2020 from the Director of Financial Services titled "Potential Impact and Proposed Budget Increments for 2021".

**RECOMMENDATION**

THAT the Finance and Audit Committee receive for information the December 7, 2020 corporate report titled "Potential Impact and Proposed Budget Increments for 2021" that outlines potential impacts and proposed budget increments for the 2021 Financial Plan.

**9. CONCLUSION OF THE DECEMBER 7, 2020 FINANCE AND AUDIT COMMITTEE MEETING**



## Finance and Audit Committee

### Minutes

November 23, 2020, 5:30 p.m.

City Hall Council Chambers

15322 Buena Vista Avenue, White Rock, BC, V4B 1Y6

COUNCIL:

- Mayor Walker
- Councillor Chesney
- Councillor Fathers
- Councillor Johanson
- Councillor Kristjanson
- Councillor Manning
- Councillor Trevelyan

STAFF:

- G. Ferrero, Chief Administrative Officer
- C. Ponzini, Director of Financial Services
- J. Gordon, Director of Engineering and Municipal Operations
- T. Arthur, Director of Corporate Administration
- D. Johnstone, Committee Clerk

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#### 1. **CALL TO ORDER (Councillor Kristjanson, Chairperson)**

The meeting was called to order at 5:30 p.m.

##### 1.1 **MOTION TO CONDUCT FINANCE AND AUDIT COMMITTEE MEETING WITHOUT THE PUBLIC IN ATTENDANCE**

**Motion Number: 2020-F/A-041** It was MOVED and SECONDED

WHEREAS COVID-19 has been declared a global pandemic;

WHEREAS the City of White Rock has been able to continue to provide

the public access to the meetings through live streaming;

WHEREAS holding public meetings in the City Hall Council Chambers, where all the audio/video equipment has been set up for the live streaming program, would not be possible without breaching physical distancing restrictions due to its size, and holding public meetings at the White Rock Community Centre would cause further financial impact to City Operations due to staffing resources and not enable live streaming;

WHEREAS Ministerial Order No. 192 requires Council carry a motion in order to hold public meetings electronically, without members of the public present in person at the meeting;

THEREFORE BE IT RESOLVED THAT the Finance and Audit Committee (including all members of Council) authorizes the City of White Rock to hold the November 23, 2020 Finance and Audit Committee meeting to be video streamed and available on the City's website, and without the public present in the Council Chambers via electronic means.

**Motion CARRIED**

**2. ADOPTION OF AGENDA**

**Motion Number: 2020-F/A-042** It was MOVED and SECONDED

THAT the Finance and Audit Committee adopt the agenda for November 23, 2020 as circulated.

**Motion CARRIED**

**3. ADOPTION OF MINUTES**

**3.1 July 9, 2020 Finance and Audit Committee Meeting Minutes**

**Motion Number: 2020-F/A-043** It was MOVED and SECONDED

THAT the Finance and Audit Committee adopt the minutes of the July 9, 2020 meeting as circulated.

**Motion CARRIED**

4. **Water Utility 2021 Rates**

Corporate report dated November 23, 2020 from Director of Financial Services titled "Water Utility 2021 Rates".

The Director of Financial Services provided an overview of the corporate report.

It was clarified that it is difficult to compare the City's water rates to other nearby municipalities, the City has its own water supply. The surrounding municipalities are on Metro Vancouver water.

**Motion Number: 2020-F/A-044** It was MOVED and SECONDED

THAT Staff bring forward information that compares the City's water rate to the metro Vancouver rates.

**Motion CARRIED**

**Councillors Chesney and Fathers voted in the negative**

**Motion Number: 2020-F/A-045** It was MOVED and SECONDED

THAT the Finance and Audit Committee endorse the proposed *Water Services Bylaw, 2015, No. 2117, Amendment No. 9, Bylaw, 2020, No. 2368* which includes a 6.5% increase for 2021.

**Motion CARRIED**

**Councillor Kristjanson and Trevelyan voted in the negative**

5. **CONCLUSION OF THE NOVEMBER 23, 2020 FINANCE AND AUDIT COMMITTEE MEETING**

The meeting was concluded at 6:09 p.m.

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Mayor Walker

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Tracey Arthur, Director of Corporate Administration

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
CORPORATE REPORT



**DATE:** December 7, 2020

**TO:** Finance and Audit Committee

**FROM:** Colleen Ponzini, Director, Financial Services

**SUBJECT:** 2021 Fees and Charges Bylaw, 2020, No. 2369

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**RECOMMENDATION**

THAT the Finance and Audit Committee endorse the proposed “2021 Fees and Charges Bylaw, 2020, No. 2369.”

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**EXECUTIVE SUMMARY**

Section 194 of the *Community Charter* authorizes Council, by bylaw, to establish municipal fees for services, for the use of municipal property or to exercise the authority to regulate, prohibit or impose requirements.

Annually, City staff review the fees and charges bylaw to ensure that fees charged recover the cost of providing the services. For 2021, the fees were generally increased by inflation, which was estimated to be 2%. Additionally, some fees were adjusted more than 2% to align with the cost of the service; some fees were removed; and a few new fees were added. It is recommended that the fees proposed in the 2021 Fees and Charges Bylaw, 2020, No. 2369 be approved for the 2021 fiscal year.

**INTRODUCTION/BACKGROUND**

Annually, City staff review the fees and charges bylaw to ensure that fees charged recover the cost of providing the services. For 2021, the fees were generally increased by inflation, which was estimated to be 2%. Additionally, some fees were adjusted more than 2% to align with the cost of the service; some fees were removed; and a few new fees were added. It is recommended that the fees proposed in the 2021 Fees and Charges Bylaw, 2020, No. 2369 be approved for the 2021 fiscal year.

The following two fees have been removed as they were replaced with a per page fee:

| <b>Item</b>                                                                                                  | <b>Current Fee</b> |
|--------------------------------------------------------------------------------------------------------------|--------------------|
| Planning and Development Services: Building Permit Plans (Architectural Drawing Size): First Print           | 49.00              |
| Planning and Development Services: Building Permit Plans (Architectural Drawing Size): Each Additional Print | 24.00              |

The following new fees are proposed to recover the costs for the services the City provides:

| <b>Item</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Proposed Fee</b>                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Planning and Development Services: Building Permit Plans (Architectural Drawing Size): Each Page of Print / Copy                                                                                                                                                                                                                                                                                                                                                                                                     | 5.30                                           |
| Planning and Development Services: Charge for each subsequent Alternative Solution                                                                                                                                                                                                                                                                                                                                                                                                                                   | 220.00                                         |
| Planning and Development Services: Building Permit Application Fees:<br>Building permits involving addition or alterations to existing buildings<br>Building permits to construct new single or two family dwellings<br>Building permits to construct other than single or two family dwelling, a fee equal to 50% of the estimated permit fee<br><br><i>Building Permit Application Fees will be credited to the building permit fee at Building Permit issuance but is non-refundable if permit is not issued.</i> | 209.00<br>750.00<br>Min 209.00<br>Max 7,500.00 |
| Planning and Development Services: Other Building Permit Related Fees: Commercial Cooking Facility (NFPA 96) - Plan Review and Inspection Fee                                                                                                                                                                                                                                                                                                                                                                        | 405.00                                         |
| Planning and Development Services: Plumbing Permit Fees: First Zone for Hydronic Heating System                                                                                                                                                                                                                                                                                                                                                                                                                      | 82.00                                          |
| Planning and Development Services: Plumbing Permit Fees: Each Additional Zone for Hydronic Heating System                                                                                                                                                                                                                                                                                                                                                                                                            | 44.00                                          |
| Centennial Park Leisure Centre: Boardroom: Monthly Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 484.00                                         |
| Recreation and Culture: Program and Miscellaneous Fees: Attendant Fee                                                                                                                                                                                                                                                                                                                                                                                                                                                | 30.00                                          |

The following fees were increased beyond an inflation rate of 2% to align with the actual cost of providing the service:

| <b>Item</b>                                                     | <b>Previous Fee</b> | <b>Proposed Fee</b> |
|-----------------------------------------------------------------|---------------------|---------------------|
| Engineering and Municipal Operations: Parks Dedication Program: |                     |                     |
| Drinking Fountains (initial)                                    | 4,600.00            | 7,000.00            |
| Drinking Fountains (renewal)                                    | 2,300.00            | 3,500.00            |
| Picnic Table (initial)                                          | 3,500.00            | 7,000.00            |
| Picnic Table (renewal)                                          | 1,750.00            | 3,500.00            |

### **FINANCIAL IMPLICATIONS**

Annually, reviewing the Fees and Charges Bylaw and adjusting, removing or adding fees where needed ensures that the City's fees and charges are appropriate and remain in line with the cost of providing the services. The impact of the proposed fees will be incorporated into adjustments to revenues in the 2021 budget process.

### **LEGAL IMPLICATIONS**

Not Applicable.

### **COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS**



Not Applicable.

**INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS**

The departments responsible for the fees and charges provided input for the fees proposed in the 2021 Fees and Charges Bylaw, 2020, No. 2369.

**CLIMATE CHANGE IMPLICATIONS**

Not Applicable.

**ALIGNMENT WITH STRATEGIC PRIORITIES**

Not Applicable.

**OPTIONS / RISKS / ALTERNATIVES**

The following alternative option is available for the Committee's consideration:

1. Not endorse the proposed 2021 Fees and Charges Bylaw, 2020, No. 2369, which would result in the City's fees falling below the cost of providing the services.

**CONCLUSION**

Annually, City Staff review the fees and charges bylaw to ensure that fees charged are appropriate, necessary and recover the cost of providing the services. For 2021, the fees were generally increased by inflation and others were adjusted to align with the cost of providing or delivering the service. The proposed changes have been incorporated into the 2021 Fees and Charges Bylaw, 2020, No. 2369 for the Committee's consideration.

Respectfully submitted,



Colleen Ponzini, CPA, CGA  
Director, Financial Services

**Comments from the Chief Administrative Officer**

I concur with the recommendation of this corporate report.



Guillermo Ferrero  
Chief Administrative Officer

**THE CORPORATION OF THE  
CITY OF WHITE ROCK  
BYLAW 2369**

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A Bylaw to impose fees and charges for various services offered by the City that are not included in any other City Bylaw.

The Council of the City of White Rock, in open meeting assembled, enacts as follows:

**1. Definition**

1.1 In this bylaw, the following definition applies:

**City** means the City of White Rock

**2. Bylaw Duration**

2.1 The fees and charges are set out in this bylaw for the year 2021.

2.2 “2021 Fees and Charges Bylaw, 2020, No. 2369” will take effect the date this bylaw is adopted. If a new bylaw regarding Fees and Charges has not been adopted by January 1, 2022, the fees and charges contained in this bylaw will continue to remain in effect until a new bylaw on this matter has been adopted by City Council.

**3. Fees and Charges Schedules**

3.1 A person will pay the specified fees / charges for services set out in the following schedules which are attached to and form part of this bylaw:

|            |                                                                                               |
|------------|-----------------------------------------------------------------------------------------------|
| Schedule A | Planning and Development Services                                                             |
| Schedule B | Engineering and Municipal Operations                                                          |
| Schedule C | RCMP                                                                                          |
| Schedule D | Centennial Park Leisure Centre - Arena Facility Rental                                        |
| Schedule E | Centennial Park Leisure Centre – Hall / Lounge / Boardroom / Recreation Room Facility Rentals |
| Schedule F | Centre for Active Living - Facility Rental                                                    |
| Schedule G | Kent Street Activity Centre - Facility Rental                                                 |
| Schedule H | White Rock Community Centre - Facility Rental                                                 |
| Schedule I | Centennial Park Leisure Centre - Outdoor                                                      |
| Schedule J | Recreation and Culture - Miscellaneous                                                        |
| Schedule K | Financial Services                                                                            |
| Schedule L | Photocopies, Mapping and Computer Information                                                 |
| Schedule M | Fire Rescue                                                                                   |

4. **Tax**

4.1 Unless specifically indicated otherwise, the fees and charges in this bylaw are subject to applicable taxes.

5. **Further Fees / Charges Considerations**

5.1 In addition to paying the facility rental fee or filming fee, a person must also provide liability insurance to rent a facility listed in **Schedules D – J** or film on City property as in **Schedule J** by:

- (a) paying the City an insurance liability premium according to the User Group Rating Schedule provided by the City's insurance provider; or
- (b) naming the City as a co-insured on the liability insurance policy, valued at least \$5 million, and providing the City with proof of coverage.

6. **Refunds (when applicable) and Cancellations**

6.1 For a facility rental fee in Schedules D – J the City may issue a refund of 100% if the refund is requested at least 14 days before the actual booked date.

6.2 For a facility rental fee in Schedules D – J the City will not issue a refund, if:

- a) the refund is requested less than 14 days before the actual booked date; and/or;
- b) the booked date has previously been amended; and/or;
- c) there is inclement weather that affects the booking for outdoor special events.

In these circumstance only the damage deposit is refundable.

6.3 Three months advance notice is required to cancel an ongoing facility user contract.

6.4 The City of White Rock Recreation and Culture Department reserves the right to cancel bookings at any time, with a full refund of funds paid.

7. **Repeal of Bylaws**

7.1 City of White Rock "2020 Fees and Charges Bylaw, 2020, No. 2318" and all its amending bylaws are repealed as of the date this bylaw is adopted.

8. **Severability**

8.1 If a portion of the bylaw is held invalid by a Court of competent jurisdiction, the invalid portion must be severed and the remainder of this bylaw is deemed to have been adopted without the severed section, subsection, paragraph, subparagraph, clause or phrase.

9. **Citing**

9.1 This Bylaw may be cited as the “*2021 Fees and Charges Bylaw, 2020, No. 2369*”.

RECEIVED FIRST READING on the \_\_\_ day of December 2020

RECEIVED SECOND READING on the \_\_\_ day of December 2020

RECEIVED THIRD READING on the \_\_\_ day of December 2020

RECONSIDERED AND FINALLY ADOPTED on the \_\_\_ day of December 2020

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

**Schedule 'A'**  
**PLANNING and DEVELOPMENT SERVICES**

| <b>ITEM</b>                                                                                                                                                                                                                                                           | <b>2021</b>        |                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------|
| Building Code Initial Alternative Solution                                                                                                                                                                                                                            |                    | \$662                                             |
| Building Code subsequent Alternative Solution - each                                                                                                                                                                                                                  |                    | \$220                                             |
| Change of Address                                                                                                                                                                                                                                                     |                    | \$585                                             |
| <b>Letter of Enquiry</b>                                                                                                                                                                                                                                              |                    |                                                   |
| • Residential                                                                                                                                                                                                                                                         |                    | \$165                                             |
| • Multi-family or commercial                                                                                                                                                                                                                                          |                    | \$649                                             |
| Noise Bylaw Extension of Hours – Admin Fee                                                                                                                                                                                                                            |                    | \$270                                             |
| <b>Property File Research and Copies</b>                                                                                                                                                                                                                              |                    |                                                   |
| • Research and first printed copy                                                                                                                                                                                                                                     |                    | \$16                                              |
| • Each additional copy                                                                                                                                                                                                                                                |                    | \$5.30                                            |
| • Copies on disc or flash drive (excluding print cost)                                                                                                                                                                                                                |                    | \$22                                              |
| <b>Building Permit Plans (Architectural Drawing Size)</b>                                                                                                                                                                                                             |                    |                                                   |
| • Each page of Print/Copy                                                                                                                                                                                                                                             |                    | \$5.30                                            |
| Property Site Survey Certificate                                                                                                                                                                                                                                      |                    | \$21                                              |
| Sidewalk Use License – per square foot *                                                                                                                                                                                                                              |                    | \$4                                               |
| Sidewalk Use Agreement Application                                                                                                                                                                                                                                    |                    | \$172                                             |
| <b>Other Fees</b>                                                                                                                                                                                                                                                     |                    |                                                   |
| • Accessory registered secondary suite in conjunction with a new house building permit registration                                                                                                                                                                   |                    | \$250                                             |
| • All other secondary suite registrations                                                                                                                                                                                                                             |                    | \$330                                             |
| • Underground Oil Storage Tank Removal documentation                                                                                                                                                                                                                  |                    | \$227                                             |
| <b>Building Permit Application Fees:</b>                                                                                                                                                                                                                              |                    |                                                   |
| Building permits involving addition or alterations to existing buildings                                                                                                                                                                                              |                    | \$209                                             |
| Building permits to construct new single or two family dwellings                                                                                                                                                                                                      |                    | \$750                                             |
| Building permits to construct other than single or two family dwelling, a                                                                                                                                                                                             | Minimum            | \$209                                             |
| fee equal to 50% of the estimated permit fee                                                                                                                                                                                                                          | Maximum            | \$7,500                                           |
| <i>Building Permit Application Fees will be credited to the building permit fee at Building Permit issuance, but is non-refundable if permit is not issued.</i>                                                                                                       |                    |                                                   |
| <b>Building Permit Fees:</b>                                                                                                                                                                                                                                          |                    |                                                   |
| <b>Range of “Construction Value”</b>                                                                                                                                                                                                                                  | <b>Initial Fee</b> | <b>Additional fee per \$1,000 or part thereof</b> |
| \$0 to \$1,000                                                                                                                                                                                                                                                        | \$209.00           |                                                   |
| \$1,001 to \$100,000                                                                                                                                                                                                                                                  | \$209.00           | 18.40                                             |
| \$100,001 to \$250,000                                                                                                                                                                                                                                                | \$2,030.60         | 14.30                                             |
| \$250,000 and over                                                                                                                                                                                                                                                    | \$4,175.60         | 12.20                                             |
| <b>NOTES:</b>                                                                                                                                                                                                                                                         |                    |                                                   |
| The current edition of the Marshal Valuation Service or the Marshall and Swift Residential Cost Handbook may be used by the Building Official to determine the “Construction Value” of the work for the purpose of assessing permit fees.                             |                    |                                                   |
| Any Building Permit fee payable shall be reduced by 2.5% to a maximum reduction of \$500.00 where any aspect of the construction of the proposed building or alteration is under the review and Letters of Assurance of a CRP – Coordinating Registered Professional. |                    |                                                   |

**Schedule 'A' Continued**  
**PLANNING and DEVELOPMENT SERVICES**

| <b>ITEM</b>                                                                                       | <b>2021</b> |
|---------------------------------------------------------------------------------------------------|-------------|
| <b>Other Building Permit Related Fees</b>                                                         |             |
| • Extension of Building Permit                                                                    | \$216       |
| • Creation of New Civic Address                                                                   | \$587       |
| • Building Permit Transfer                                                                        | \$378       |
| • Re-review of Plans Fee - per hour                                                               | \$270       |
| • Building Move Fee                                                                               | \$216       |
| • Digital Archive Fee – per page                                                                  | \$5.30      |
| • Re-Inspection Fee                                                                               | \$270       |
| • Commercial Cooking Facility (NFPA 96) - Plan Review and Inspection Fee                          | \$405       |
| <b>Demolition Permit</b>                                                                          |             |
| • Accessory Building                                                                              | \$87        |
| • SFD/Duplex                                                                                      | \$1,136     |
| • Commercial/Multi-Family                                                                         | \$1,352     |
| <b>Plumbing Permit Fees</b>                                                                       |             |
| • First Fixture                                                                                   | \$82        |
| • Each Additional Fixture                                                                         | \$44        |
| • First Zone for Hydronic Heating System                                                          | \$82        |
| • Each Additional Zone for Hydronic Heating System                                                | \$44        |
| • First Sprinkler Head                                                                            | \$82        |
| • Each Additional Sprinkler Head to 100                                                           | \$5.30      |
| • Each Additional Sprinkler Head over 100                                                         | \$3.20      |
| • Each Fire Hydrant                                                                               | \$49        |
| • Each Standpipe                                                                                  | \$49        |
| • Each Hose Valve                                                                                 | \$49        |
| • Fire Department Connection                                                                      | \$49        |
| • SFD/Duplex Sanitary Sewer                                                                       | \$82        |
| • SFD/Duplex Storm Sewer                                                                          | \$82        |
| • SFD/Duplex Water Service                                                                        | \$82        |
| • MFD/Commercial Sanitary Sewer first 30m                                                         | \$142       |
| • MFD/Commercial Storm Sewer first 30m                                                            | \$142       |
| • MFD/Commercial Water Service first 30m                                                          | \$142       |
| • Each Additional 30m of Commercial Sanitary Sewer, Storm Sewer, or Water Service or part thereof | \$69        |
| • Each Sump, Manhole, or Catch Basin                                                              | \$69        |
| • Re-Inspection Fee                                                                               | \$270       |
| • Non-compliance Inspection Fee                                                                   | \$270       |
| • Special or Other Inspection Fee                                                                 | \$270       |

\* Pro-rated based on license coverage dates for seasonal licenses.

**Schedule 'B'**  
**ENGINEERING and MUNICIPAL OPERATIONS**

| <b>ITEM</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>2021</b>                              |                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Kitchen – large (lined) – per 5 pack</li> <li>• Kitchen – small (lined) – per 10 pack</li> <li>• Yard - per 5 pack</li> </ul>                                                                                                                                                                                                                                                                                               |                                          | \$6.80<br>\$5.40<br>\$4.60                                                        |
| Roll Outs (for eligible locations of 6 or less units)                                                                                                                                                                                                                                                                                                                                                                                                                |                                          | \$163                                                                             |
| Curbside Blue or Red Recycling Boxes                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                          | \$5                                                                               |
| Surplus Household Waste Decals                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                          | \$5                                                                               |
| <b>Parks Dedication Program</b>                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Initial</b>                           | <b>Renewal</b>                                                                    |
| <ul style="list-style-type: none"> <li>• Bench</li> <li>• Drinking Fountain</li> <li>• Light Standard</li> <li>• Picnic Table</li> </ul>                                                                                                                                                                                                                                                                                                                             | \$4,080<br>\$7,000<br>\$3,162<br>\$7,000 | \$2,040<br>\$3,500<br>\$1,581<br>\$3,500                                          |
| <b>Parks Dedication Program – Replacement Plaques</b>                                                                                                                                                                                                                                                                                                                                                                                                                |                                          | \$235                                                                             |
| <b>Road and Right of Way Fees</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |                                                                                   |
| <ul style="list-style-type: none"> <li>• Road and ROW Administration Fee</li> <li>• Road and ROW Re-Inspection Fee</li> <li>• Road and ROW Alteration Permit Fee</li> <li>• Road and ROW Use Permit Fee</li> <li>• Road and ROW Use Fees – per linear meter per week                             <ul style="list-style-type: none"> <li>• Walkway/pathway</li> <li>• Boulevard</li> <li>• Arterial</li> <li>• Collector</li> <li>• Local Road</li> </ul> </li> </ul> |                                          | \$56<br>\$265<br>\$714<br>\$224<br>\$2.00<br>\$1.00<br>\$7.00<br>\$5.00<br>\$3.00 |
| <b>Servicing Agreement Fees</b>                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                          |                                                                                   |
| <ul style="list-style-type: none"> <li>• Application fee</li> <li>• Extension fee</li> </ul>                                                                                                                                                                                                                                                                                                                                                                         |                                          | \$3,060<br>\$357                                                                  |
| <ul style="list-style-type: none"> <li>• Latecomer Agreement Application Fee</li> </ul>                                                                                                                                                                                                                                                                                                                                                                              |                                          | \$3,060                                                                           |
| <b>Engineering Administration Fees on Service Agreements</b>                                                                                                                                                                                                                                                                                                                                                                                                         |                                          |                                                                                   |
| <ul style="list-style-type: none"> <li>• First \$250,000 of estimated construction cost</li> <li>• Next \$250,000 of estimated construction cost</li> <li>• Remaining estimated cost exceeding \$500,000</li> </ul>                                                                                                                                                                                                                                                  |                                          | 4.24%<br>2.65%<br>1.59%                                                           |

**Schedule 'C'**  
**RCMP**

| <b>ITEM</b>                                                                                                        | <b>2021</b> |
|--------------------------------------------------------------------------------------------------------------------|-------------|
| Accident Reports (MV6020's) copies for ICBC                                                                        | \$65        |
| Request for information relating to Thefts/B & E's etc. received from insurance companies                          | \$65        |
| Police Certificates (Form 1868)                                                                                    | \$65        |
| Court Ordered File Disclosure Copy of File (Notice of Motion)                                                      |             |
| • Flat Fee                                                                                                         | \$65        |
| • Per Page                                                                                                         | \$0.50      |
| • Shipping                                                                                                         | \$10        |
| Police Information Checks                                                                                          | \$65        |
| • Volunteers – live in White Rock and volunteer in either White Rock or South Surrey (requires letter from agency) | n/c         |
| • Students – for school or training program (requires letter from the agency/school)                               | n/c         |
| Photograph                                                                                                         | \$2         |
| CD of Photograph                                                                                                   | \$5         |
| Fingerprints                                                                                                       | \$65        |
| Traffic Analyst Report                                                                                             | \$175       |
| Field Drawing Reproduction                                                                                         | \$65        |
| Mechanical Inspection Reproduction                                                                                 | \$65        |
| Crash Data Retrieval Report – Black Box                                                                            |             |
| • (Non ICBC request)                                                                                               | \$175       |
| • (ICBC request)                                                                                                   | \$65        |
| Field Drawing Reproduction                                                                                         | \$65        |
| Scale Drawing Reproduction                                                                                         | \$65        |
| Measurements – Provided by Member                                                                                  | \$65        |
| Confirmation Letter                                                                                                | \$65        |



**Schedule 'D'**  
**CENTENNIAL PARK LEISURE CENTRE**  
**ARENA**  
**Facility Rental**

| <b>ITEM</b>                                                                     | <b>Aug 2020 to<br/>Apr 2021<br/>Per Hour unless<br/>otherwise stated</b> | <b>Aug 2021 to<br/>Apr 2022<br/>Per Hour unless<br/>otherwise stated</b>    |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>Ice Rentals (Non-Subsidized)</b>                                             |                                                                          |                                                                             |
| • Prime Rate                                                                    | \$323                                                                    | \$332                                                                       |
| • Non-Prime Rate                                                                | \$246                                                                    | \$254                                                                       |
| • Statutory Holiday Rate                                                        | \$370                                                                    | \$381                                                                       |
| <b>Ice Rentals (Partially Subsidized)</b>                                       |                                                                          |                                                                             |
| • Prime Rate                                                                    | \$154                                                                    | \$158                                                                       |
| • Non-Prime Rate                                                                | \$87                                                                     | \$90                                                                        |
| • Statutory Holiday Rate                                                        | \$228                                                                    | \$235                                                                       |
| <b>Ice Rentals (Bonus Days)</b>                                                 |                                                                          |                                                                             |
| • Minor Hockey Tournament (all hours)                                           | \$228                                                                    | \$235                                                                       |
| • Minor Hockey Bonus Days & Ringette Tournament (all hours)                     | \$87                                                                     | \$90                                                                        |
| • Hockey School (non-profit or WR Rec and Culture (all hours)                   | \$155                                                                    | \$160                                                                       |
| • Skills Academy (school hours)                                                 | \$75                                                                     | \$78                                                                        |
| • School/Family Skates (all hours)                                              | \$123                                                                    | \$127                                                                       |
| • Figure Skating (three Special Event/Test Days)                                | \$87                                                                     | \$90                                                                        |
| • White Rock Adult Hockey League                                                | \$268                                                                    | \$276                                                                       |
| <b>ITEM</b>                                                                     |                                                                          | <b>Apr 2021 to<br/>August 2021<br/>Per Hour unless<br/>otherwise stated</b> |
| <b>Dry Floor</b>                                                                |                                                                          |                                                                             |
| • Minor Lacrosse, Ball Hockey, Roller Hockey (includes non-profit)              |                                                                          | \$74                                                                        |
| • Adult Lacrosse, Ball Hockey, Roller Hockey (includes non-profit) before 9p.m. |                                                                          | \$107                                                                       |
| • Adult Lacrosse, Ball Hockey, Roller Hockey (includes non-profit) after 9 p.m. |                                                                          | \$74                                                                        |
| • Special Event Days (one Tournament – 3 days max)                              |                                                                          | \$74                                                                        |
| • Dances/Major Events (8 hours)                                                 |                                                                          | \$1,045                                                                     |
| • Commercial Dry Floor (not-subsidized)                                         |                                                                          | \$164                                                                       |
| • Statutory Holiday                                                             |                                                                          | \$110                                                                       |

**Schedule 'E'**  
**CENTENNIAL PARK LEISURE CENTRE**  
**HALL/LOUNGE/BOARDROOM/RECREATION ROOM**

**Facility Rental**

| <b>ITEM</b>                                              | <b>2021<br/>Per Hour unless otherwise stated</b> |
|----------------------------------------------------------|--------------------------------------------------|
| <b>Hall</b>                                              |                                                  |
| • Commercial Rate                                        | \$56                                             |
| • Not for Profit Rate                                    | \$38                                             |
| • Wedding Parties (1:30 pm – 1:00 am)                    | \$513                                            |
| • Private Rental                                         | \$48                                             |
| • Deposit for Key/Access                                 | \$38                                             |
| • Statutory Holiday (min 2 hours)                        | \$67                                             |
| <b>Lounge</b>                                            |                                                  |
| • Commercial Rate                                        | \$44                                             |
| • Not for Profit Rate                                    | \$26                                             |
| • Wedding Parties (with Hall rental (1:30 pm – 1:00 am)) | \$102                                            |
| • Private Rental                                         | \$39                                             |
| • Deposit for Key/Access                                 | \$38                                             |
| • Statutory Holiday (min 2 hours)                        | \$55                                             |
| <b>Boardroom</b>                                         |                                                  |
| • Commercial Rate                                        | \$33                                             |
| • Not for Profit Rate                                    | \$20                                             |
| • Private Rental                                         | \$29                                             |
| • Deposit for Key/Access                                 | \$38                                             |
| • Statutory Holiday (min 2 hours)                        | \$43                                             |
| • Monthly Rate                                           | \$484                                            |
| <b>Recreation Room</b>                                   |                                                  |
| • Commercial Rate                                        | \$44                                             |
| • Not for Profit Rate                                    | \$31                                             |
| • Private Rental                                         | \$39                                             |
| • Deposit for Key/Access                                 | \$38                                             |
| • Statutory Holiday (min 2 hours)                        | \$55                                             |

**Schedule 'F'**  
**CENTRE FOR ACTIVE LIVING**  
**Facility Rental**

| <b>ITEM</b>                       | <b>2021<br/>Per Hour</b> |
|-----------------------------------|--------------------------|
| <b>Cardio Gym</b>                 |                          |
| • Commercial Rate                 | \$94                     |
| • Not for Profit Rate             | \$58                     |
| • Private Rental Rate             | \$77                     |
| • Statutory Holiday (min 2 hours) | \$104                    |
| <b>Fitness Studio</b>             |                          |
| • Commercial Rate                 | \$57                     |
| • Not for Profit Rate             | \$38                     |
| • Private Rental Rate             | \$50                     |
| • Statutory Holiday (min 2 hours) | \$67                     |
| <b>Education Room</b>             |                          |
| • Commercial Rate                 | \$51                     |
| • Not for Profit Rate             | \$33                     |
| • Private Rental Rate             | \$42                     |
| • Statutory Holiday (min 2 hours) | \$58                     |

**Schedule 'G'**  
**KENT STREET ACTIVITY CENTRE**  
**Facility Rental**

| <b>ITEM</b>                                        | <b>2021<br/>Per Hour</b> |
|----------------------------------------------------|--------------------------|
| <b>Auditorium</b>                                  |                          |
| • Commercial Rate                                  | \$94                     |
| • Not for Profit Rate                              | \$58                     |
| • Private Rental Rate                              | \$77                     |
| • Statutory Holiday (min 2 hours)                  | \$104                    |
| <b>Classroom</b>                                   |                          |
| • Commercial Rate                                  | \$65                     |
| • Not for Profit Rate                              | \$52                     |
| • Private Rental Rate                              | \$56                     |
| • Statutory Holiday (min 2 hours)                  | \$75                     |
| <b>ITEM</b>                                        | <b>2021<br/>Per Year</b> |
| <b>Kent Street Activity Centre Membership Fees</b> |                          |
| • Adult                                            | \$41                     |

**Schedule 'H'**  
**WHITE ROCK COMMUNITY CENTRE**  
**Facility Rental**

| <b>ITEM</b>                             | <b>2021<br/>Per Hour unless otherwise stated</b> |
|-----------------------------------------|--------------------------------------------------|
| <b>Presentation Room ABC with Lobby</b> |                                                  |
| • Commercial Rate                       | \$221                                            |
| • Not for Profit Rate                   | \$137                                            |
| • Wedding Parties (11:30am – 11:00pm)   | \$2,204                                          |
| • Private Rental Rate                   | \$188                                            |
| • Statutory Holiday (min 2 hours)       | \$232                                            |
| <b>Presentation Room ABC</b>            |                                                  |
| • Commercial Rate                       | \$191                                            |
| • Not for Profit Rate                   | \$114                                            |
| • Private Rental Rate                   | \$164                                            |
| • Statutory Holiday (min 2 hours)       | \$201                                            |
| <b>Hall A, B, or C</b>                  |                                                  |
| • Commercial Rate                       | \$65                                             |
| • Not for Profit Rate                   | \$42                                             |
| • Private Rental Rate                   | \$56                                             |
| • Statutory Holiday (min 2 hours)       | \$75                                             |
| <b>Art Room</b>                         |                                                  |
| • Commercial Rate                       | \$49                                             |
| • Not for Profit Rate                   | \$32                                             |
| • Private Rental Rate                   | \$43                                             |
| • Statutory Holiday (min 2 hours)       | \$59                                             |
| <b>Gallery</b>                          |                                                  |
| • Commercial Rate                       | \$59                                             |
| • Not for Profit Rate                   | \$38                                             |
| • Private Rental Rate                   | \$52                                             |
| • Statutory Holiday (min 2 hours)       | \$69                                             |
| <b>Studio</b>                           |                                                  |
| • Commercial Rate                       | \$59                                             |
| • Not for Profit Rate                   | \$38                                             |
| • Private Rental Rate                   | \$52                                             |
| • Statutory Holiday (min 2 hours)       | \$69                                             |
| <b>Kitchen</b>                          |                                                  |
| • Commercial Rate / hour                | \$65                                             |
| • Damage Deposit                        | \$572                                            |
| • Statutory Holiday (min 2 hours)       | \$75                                             |

**Schedule 'I'**  
**CENTENNIAL PARK LEISURE CENTRE**  
**Outdoor**

| <b>ITEM</b>                                          | <b>2021<br/>Per Hour</b>   |
|------------------------------------------------------|----------------------------|
| <b>Lacrosse Box</b>                                  |                            |
| • Youth – non-profit                                 | n/c                        |
| • Adult – non-profit                                 | \$8.00                     |
| • Private                                            | \$13.25                    |
| • Commercial – adult or youth                        | \$19.00                    |
| <b>ITEM</b>                                          | <b>2021<br/>Per Hour</b>   |
| <b>Sports Fields &amp; Ball Diamond Rentals</b>      |                            |
| • Youth – non-profit                                 | n/c                        |
| • Adult – non-profit                                 | \$16.00                    |
| • Commercial – adult or youth                        | \$24.50                    |
| <b>ITEM</b>                                          | <b>2021<br/>Per Season</b> |
| <b>Advertising Boards</b>                            |                            |
| • Taylor Box, per season (Mar-Feb)                   | \$292.00                   |
| • Centennial Park Ball Diamond, per season (Apr-Mar) | \$292.00                   |

**Schedule 'J'**

**RECREATION AND CULTURE - PROGRAM AND MISCELLANEOUS FEES**

| <b>ITEM</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>2021</b>                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Activity and Program Fees</b></p> <ul style="list-style-type: none"> <li>Registered and drop-in program rates will be set to cover all costs including; labour, materials and supplies, facilities and administrative. Surveys and promotions may occasionally offer a discount.</li> </ul> <p><b>Developmental and Partnership Programs</b></p> <ul style="list-style-type: none"> <li>New activities or programs may be initially offered at a loss to encourage and promote interest</li> <li>Activities and programs with limited users but important to community mandates may be subsidized to ensure public access</li> <li>Partnership programs have external partners so standard fees and charges may not apply</li> </ul> |                                                                                                                                                                   |
| <p><b>Advertising Fees – Recreation Guide</b></p> <ul style="list-style-type: none"> <li>The price of advertisements are based on the: size, color, and placement and are subject to the overall design of the recreation guide. In determining fees for each publication, the City uses a cost recovery method, including costs to produce and distribute the recreation guide. Therefore, fees can vary from guide to guide. Frequent advertisers (those that advertise in the Spring/Summer and Fall issues will receive a 10% discount on their Winter advertisement).</li> </ul>                                                                                                                                                      |                                                                                                                                                                   |
| <p><b>Miscellaneous Fees</b></p> <ul style="list-style-type: none"> <li>Attendant Fee</li> <li>Contract Amendment Fee per Occurrence</li> <li>Deposit for Key/Access</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p style="text-align: right;">\$30<br/>\$28<br/>\$38</p>                                                                                                          |
| <p><b>Miscellaneous Rentals</b></p> <ul style="list-style-type: none"> <li>Food Cart Pad Rental – per square foot – per year</li> <li>Food Cart Pad Power Fee – per year</li> <li>Bayview Park Plaza Rental (per 3 hour time slot)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p style="text-align: right;">\$4.10<br/>\$102<br/>\$264</p>                                                                                                      |
| <p><b>Filming Fees</b></p> <ul style="list-style-type: none"> <li>Filming Application Fee (includes one day of filming)</li> <li>Filming Fee - Additional Days – per day</li> <li>Operations Site Supervisor, RCMP or Fire Personnel</li> <li>Pay Parking stalls</li> <li>Other Street Parking per space per day</li> <li>Street Use Fee for (30m or 100ft) per day</li> <li>Pier per day</li> <li>Location on Promenade per day</li> <li>Sidewalk Site – per location per day</li> <li>Other City Park or Land Site per day</li> <li>City Building Site per day unless hourly rate applies</li> </ul>                                                                                                                                     | <p style="text-align: right;">\$318<br/>\$106<br/>Cost recovery<br/>Current hourly rate<br/>\$13<br/>\$58<br/>\$1,165<br/>\$843<br/>\$473<br/>\$582<br/>\$453</p> |

**Schedule 'K'**  
**FINANCIAL SERVICES**

| <b>ITEM</b>                                                                                              | <b>2021</b>               |
|----------------------------------------------------------------------------------------------------------|---------------------------|
| <b>Property Tax information (Tax Certificate)</b>                                                        |                           |
| • property owners                                                                                        | n/c                       |
| • requested online                                                                                       | \$37                      |
| • requested at City Hall                                                                                 | \$58                      |
| • Reprinting Copies of prior period Tax Notices or<br>Water Utility Bills - each                         | \$2                       |
| Property Tax information to Mortgage Companies (per property)                                            | \$41                      |
| Returned Payment fee                                                                                     | \$35                      |
| Refund Fee                                                                                               | \$25                      |
| Transfer between accounts fee (Property Tax & Utility)                                                   | \$10                      |
| Apportionments (per property)                                                                            | \$41                      |
| Electronic copy of annual property tax information for Fraser Valley<br>Real Estate Board (per property) | \$0.04                    |
| Accounts receivable administration fee on billable services                                              | 15% (min \$15, max \$200) |
| City of White Rock Flag                                                                                  | \$120                     |



**Schedule 'K'**  
**FINANCIAL SERVICES - Continued**

| ITEM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2021                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Waterfront Pay Parking</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                            |
| <ul style="list-style-type: none"> <li>• The following waterfront rates are per hour from 10:00 am – 12:00 midnight unless otherwise stated</li> <li>• A 4-hour maximum stay applies to the prime parking area (Oxford St. to Hump), with the exception of the Montecito and the West Beach Parkades.</li> <li>• WINTER SEASON – November to January                             <ul style="list-style-type: none"> <li>- Monday to Friday</li> <li>- Saturday and Sunday</li> <li>- Daily Weekend Rate for Montecito and West Beach Parkades</li> </ul> </li> <li>• SHOULDER SEASON – October, February and March                             <ul style="list-style-type: none"> <li>- Daily Rate for Montecito and West Beach Parkades</li> </ul> </li> <li>• SUMMER SEASON – April to September                             <ul style="list-style-type: none"> <li>- High Demand Zones – all lot and on-street waterfront parking locations (including the parkades), except for locations west of Oxford Street</li> <li>- Value Priced Zone – all lot and on-street waterfront parking locations west of Oxford Street</li> <li>- Daily Rate for Montecito and West Beach Parkades</li> </ul> </li> </ul> | <p>FREE</p> <p>FREE</p> <p>FREE</p> <p>\$2.00</p> <p>\$7.50</p> <p>\$3.75</p> <p>\$3.25</p> <p>\$15.00</p> |
| <ul style="list-style-type: none"> <li>• <b>Centennial Arena Pay Parking</b></li> <li>• In effect 24 hours per day – rate is per day</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>\$2.00</p>                                                                                              |
| <ul style="list-style-type: none"> <li>• <b>Peace Arch Hospital Pay Parking</b></li> <li>• In effect 10:00 am – 12:00 midnight – rate is per hour</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>\$2.50</p>                                                                                              |
| Note: all pay parking rates are inclusive of applicable taxes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                            |
| <b>Parking Decals (4 hours maximum in pay parking stalls)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                            |
| <ul style="list-style-type: none"> <li>• Centennial Park/Arena</li> <li>• Resident</li> <li>• Non - Resident Commercial Property**</li> <li>• Merchant Decals (on Marine Dr &amp; Vidal St)**</li> <li>• Residential Decals (specific properties on Marine Dr)**</li> <li>• Replacement Decal</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>\$17</p> <p>\$48</p> <p>\$148</p> <p>\$355</p> <p>\$315</p> <p>\$5</p>                                  |
| **These decals pertain to specific properties - see staff for guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                            |
| Montecito Complex Parkade – Reserved Stall Parking Rate (decals are sold annually)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$144 / month                                                                                              |
| Reserved Stall Additional Decals                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | \$30                                                                                                       |

**Schedule 'K'**  
**FINANCIAL SERVICES - Continued**

| ITEM                                                                                                                                                                                                                                                                                                                                                                                              | 2021             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Resident Parking Permits for use in areas designated as Permit Parking Only</b> (maximum 4 per dwelling unit) <ul style="list-style-type: none"> <li>• Parking Permit</li> <li>• Replacement Parking Permit</li> </ul>                                                                                                                                                                         | <br>\$12<br>\$12 |
| <b>Temporary Construction Period Permit</b><br>Up to two (2) permits are available to residents and up to four (4) permits to each church on the 1300 block of Foster Street, exempting them from the two (2) hour parking limit on weekdays from 8am to 6pm, on the west side of the street and on the east side of the street adjacent to 1368 Foster Street only, as indicated by the signage. |                  |
| <ul style="list-style-type: none"> <li>• Temporary Construction Period Permit</li> </ul>                                                                                                                                                                                                                                                                                                          | \$1              |

**Schedule 'L'**  
**PHOTOCOPIES, MAPPING AND COMPUTER INFORMATION**

| <b>ITEM</b>                                                                                                                                                                                                                                                                                                                                                                   | <b>2021</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Mapping Data</b>                                                                                                                                                                                                                                                                                                                                                           |             |
| <ul style="list-style-type: none"> <li>• Zoning Maps set 126</li> <li>• large \$67</li> <li>• small \$32</li> <li>• sheet \$26</li> <li>• menu size drawing (11" x 17") B&amp;W \$32</li> <li>• City contour map (24" x 68") \$19</li> <li>• small street map (11" x 34") \$14</li> <li>• standard (24" x 36") engineering drawing B&amp;W \$6</li> </ul>                     |             |
| <b>Photocopies and Prints</b>                                                                                                                                                                                                                                                                                                                                                 |             |
| <b>Black &amp; White</b>                                                                                                                                                                                                                                                                                                                                                      |             |
| <ul style="list-style-type: none"> <li>• 8½" x 11" or 8½" x 14" single-sided \$0.40</li> <li>• 8½" x 11" or 8½" x 14" double-sided \$0.70</li> <li>• 11" x 17" single-sided \$1.20</li> <li>• 11" x 17" double-sided \$2.50</li> </ul>                                                                                                                                        |             |
| <b>Colour</b>                                                                                                                                                                                                                                                                                                                                                                 |             |
| <ul style="list-style-type: none"> <li>• 8½" x 11" or 8½" x 14" single-sided \$1.30</li> <li>• 8½" x 11" or 8½" x 14" double-sided \$2.50</li> <li>• 11" x 17" single-sided \$2.50</li> <li>• 11" x 17" double-sided \$4.90</li> </ul>                                                                                                                                        |             |
| <b>Annual Report</b>                                                                                                                                                                                                                                                                                                                                                          |             |
| <ul style="list-style-type: none"> <li>• Black and White \$5.20</li> <li>• Colour \$10.40</li> </ul>                                                                                                                                                                                                                                                                          |             |
| <b>Council and Committee Agenda Packages</b>                                                                                                                                                                                                                                                                                                                                  |             |
| <b>Black and White only (double sided)</b>                                                                                                                                                                                                                                                                                                                                    |             |
| <ul style="list-style-type: none"> <li>• 1-300 pages Free</li> <li>• 1-300+ pages* \$10.40</li> </ul> <p>*Note: As per Council and Committee Procedure Bylaw, 2018, 2232, five (5) copies of each agenda are printed and available for the public free of charge on a first come, first serve, basis. Once those agendas have been picked-up, the above fees shall apply.</p> |             |

**Schedule 'M'**  
**FIRE AND RESCUE**

| <b>ITEM</b>                                               | <b>2021</b> |
|-----------------------------------------------------------|-------------|
| <b>Burning</b>                                            |             |
| Outdoor burning violation                                 |             |
| • first offence                                           | \$112       |
| • each offence thereafter                                 | \$224       |
| Non-compliance of residential fireplace/woodstove burning |             |
| • first offence                                           | \$112       |
| • each offence thereafter                                 | \$224       |
| <b>Fire Prevention</b>                                    |             |
| Fire Safety Plan Review                                   |             |
| • first 2 hours                                           | \$169       |
| • per hour thereafter                                     | \$84        |
| Re-Inspection of outstanding violations (each occurrence) | \$112       |
| Requested Inspection                                      | \$112       |
| <b>Contact</b>                                            |             |
| Failure to comply with requirement for contact person     |             |
| • first non-compliance                                    | \$112       |
| • second non-compliance                                   | \$224       |
| • per hour standby charge                                 | \$281       |
| Fire Investigation of incident over \$5,000 in damage     | \$561       |
| Comfort Letter                                            | \$169       |

**THE CORPORATION OF THE  
CITY OF WHITE ROCK  
CORPORATE REPORT**



**DATE:** December 7, 2020

**TO:** Finance and Audit Committee

**FROM:** Carl Isaak, Director, Planning and Development Services

**SUBJECT:** Affordable Housing Reserve Fund Bylaw, 2020, No. 2367

**RECOMMENDATION**

THAT the Finance and Audit Committee recommend that Council give first, second and third readings to “Affordable Housing Reserve Fund Bylaw, 2020, No. 2367.”

**EXECUTIVE SUMMARY**

This corporate report introduces Affordable Housing Reserve Fund Bylaw, 2020, No. 2367 to Council for consideration of first, second, and third readings. The draft of the bylaw is attached to this corporate report as Appendix A.

**PREVIOUS COUNCIL DIRECTION**

| <b>Resolution # and Date</b>       | <b>Resolution Details</b>                                                                                                                                            |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 23, 2020<br>2020-G/L-072 | That the Governance and Legislation Committee recommends that Council create a bylaw for a fund to be utilized for a future affordable housing project(s).           |
| September 23, 2020<br>202-G/L-073  | That the Governance and Legislation Committee recommend Council allocate \$4M of the Community Amenity Contribution fund for a future affordable housing project(s). |

**INTRODUCTION/BACKGROUND**

Affordable Housing Reserve Fund Bylaw, 2020, No. 2367 establishes a reserve fund for the receiving and spending of monies for special needs and non-market affordable housing, as set out in the *Community Charter*. The reserve bylaw sets out the rules for which the funds can be used for and once funds are allocated to the reserve through the budget process, then the funds can only be spent on the types of expenses as outlined in the reserve bylaw and can’t be used for any other purpose in the future. Accounting for funds through a formal reserve fund is a recommended best practice for providing transparency on the status and use of these funds.

These funds will be used for capital cost contributions towards the provision of special needs and non-market housing in the community. This housing could be produced through a partnership

with other organizations and agencies, such as the Metro Vancouver Housing Corporation, BC Housing, or other local partners.

### **ANALYSIS**

The Governance and Legislation Committee recommended that Council consider allocating \$4M of community amenity funds towards affordable housing in the 2021 budget process. This affordable housing reserve fund bylaw would demonstrate Council's commitment to affordable housing to potential partners.

The current Official Community Plan (OCP) includes policy 11.2.1(a), which is to support new and affordable and rental housing, especially in transit-accessible locations, by... "considering establishment of an Affordable Housing Reserve Fund, supported by a portion of cash-in-lieu community amenity contributions, to be used to provide Development Cost Charge credits to affordable rental housing developments." The proposed Affordable Housing Reserve Fund would follow this policy, but the use of the funds would not be restricted only to providing Development Cost Charge credits to affordable rental housing developments and could take other forms of contributions for special needs and affordable housing (e.g. purchase of land, building costs, etc.).

### **FINANCIAL IMPLICATIONS**

Council's direction to direct \$4M of the Community Amenity Contributions will be included as a transfer between funds in the 2021 – 2025 Financial Plan.

### **LEGAL IMPLICATIONS**

Section 188 of the *Community Charter* authorizes the establishment of reserve funds, by bylaw, for specified purposes. It is a recommended practice to formalize a reserve fund by bylaw, for this purpose of contributing to special needs and affordable housing in the future.

### **COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS**

During January and February 2020, the public was asked how they would spend \$13M on amenities for the community, including towards affordable housing projects. This occurred primarily through a Community Forum (information sessions and workshops) on January 20, 2020, two subsequent pop-up events on February 4, and February 9, and an online survey available throughout the period after the Community Forum until February 18, 2020. Results of this public engagement were provided at the Regular Council meeting on March 30, 2020, and a follow up workshop on community amenity contributions was held at a Governance and Legislation Committee meeting on September 23, 2020.

Staff continue to discuss affordable housing with the City's Housing Advisory Committee and will be undertaking consultation with the community as part of the preparation of a Housing Needs Report, which may include requesting input on the options for using funds within an affordable housing reserve fund.

### **INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS**

The Director of Financial Services has reviewed and provided input for this corporate report and proposed bylaw.

### **CLIMATE CHANGE IMPLICATIONS**

Not applicable.

**ALIGNMENT WITH STRATEGIC PRIORITIES**

The proposal is generally aligned with the Council’s Strategic Priority of reviewing the Official Community Plan (OCP) with respect to policies around providing Affordable Housing.

**OPTIONS / RISKS / ALTERNATIVES**

The Finance and Audit Committee can recommend that Council:

1. Not proceed with the Affordable Housing Reserve Fund; or
2. Defer the proposed Affordable Housing Reserve Fund Bylaw pending further information to be identified.

**CONCLUSION**

On September 23, 2020, as part of an overall discussion on the use of amenity contribution funds, the Governance and Legislation Committee directed staff to prepare an Affordable Housing Reserve Fund Bylaw. The Governance and Legislation Committee also recommended that Council consider transferring \$4M of received community amenity contribution funds for the purpose of supporting future affordable housing projects, which has been incorporated into the draft 2021-2025 Financial Plan included separately in this agenda. This corporate report introduces the draft Bylaw and it is presented later in the Regular Council agenda for consideration of first, second and third readings.

Respectfully submitted,



Carl Isaak, MCIP, RPP  
Director, Planning and Development Services

**Comments from the Chief Administrative Officer**

I concur with the recommendation of this corporate report.



Guillermo Ferrero  
Chief Administrative Officer

Appendix A: Draft Affordable Housing Reserve Fund Bylaw, 2020, No. 2367

**APPENDIX A**

**Draft Affordable Housing Reserve Fund Bylaw, 2020, No. 2367**

(Attached Separately)



**THE CORPORATION OF THE  
CITY OF WHITE ROCK  
BYLAW 2367**

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A Bylaw to Establish  
An Affordable Housing Reserve Fund

The CITY COUNCIL of the Corporation of the City of White Rock, in an open meeting assembled, ENACTS as follows:

**Interpretation**

1. In this bylaw,

“Fund” means the Affordable Housing Reserve Fund established by this Bylaw; and

“special needs or non-market affordable housing” means dwelling units where the either the eligible tenants or the maximum rents for the dwelling units, or both, are established through a Housing Agreement Bylaw or a covenant pursuant to section 219 of the *Land Title Act*.

**Establishment of Affordable Housing Reserve Fund**

2. There is established a reserve Fund to be known as the “Affordable Housing Reserve Fund” for the specified purpose of receiving monies and expending monies for capital contribution to the provision of special needs or non-market affordable housing.

**Use of the Fund**

3. Except as provided in section 189 of the *Community Charter*, the only purpose for which funds from this Fund may be expended is for capital contribution to the provision of special needs or non-market affordable housing.

**Severability**

4. If a portion of this bylaw is held invalid by a Court of competent jurisdiction, then the invalid portion must be severed and the remainder of this bylaw is deemed to have been adopted without the severed section, subsection, paragraph, subparagraph, clause or phrase.

**Citation**

5. This Bylaw may be cited for all purposes as the "*Affordable Housing Reserve Fund Bylaw, 2020, No. 2367*".

RECEIVED FIRST READING on the \_\_\_\_\_ day of \_\_\_\_\_  
RECEIVED SECOND READING on the \_\_\_\_\_ day of \_\_\_\_\_  
RECEIVED THIRD READING on the \_\_\_\_\_ day of \_\_\_\_\_  
ADOPTED on the \_\_\_\_\_ day of \_\_\_\_\_

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MAYOR

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DIRECTOR OF CORPORATE  
ADMINISTRATION

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
CORPORATE REPORT



**DATE:** December 7, 2020

**TO:** Finance and Audit Committee

**FROM:** Colleen Ponzini, Director, Financial Services

**SUBJECT:** Potential Impacts and Proposed Budget Increments for 2021

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**RECOMMENDATION**

THAT the Finance and Audit Committee receive this report for information on potential impacts and proposed budget increments for the 2021 Financial Plan for review and to provide any preliminary feedback to staff.

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**EXECUTIVE SUMMARY**

City staff are in the process of compiling the 2021 – 2025 Draft Financial Plan which has been challenged by the Covid-19 Pandemic. Recognizing that the annual budget process is complex as there are so many service areas and issues that must be summarized and communicated, this year it is even more challenging when including temporary adjustments in response to the pandemic. Service delivery models and revenue projections have had to be adjusted for 2021 and are expected to be brought back to normal operating conditions for 2022 and beyond.

The 2021 – 2025 Financial Plan is being prepared under the assumption that the City will continue to operate under the current Covid-19 pandemic guidelines, restrictions, and general processes as directed by Council. The net impact from the Covid-19 pandemic would qualify for funding under the Covid-19 Safe Restart grant. Staff have been directed to assume a return to normal operations in 2022 and beyond.

In addition to reviewing budgets for the impact of the pandemic, staff also reviewed the budget to determine if there are any changes that are required as a result of previous approvals, necessary changes in contracts, and actual changes in revenues. These are items that are already in place and need to be funded in the City's base operating budget and through taxation rates.

The final area of review involved analyzing operations to determine if a new service or expense had to be included in the budget. These requests for funding have been compiled by departments and the rationale are included in this report as Appendices A and B.

**INTRODUCTION/BACKGROUND**

Much work still needs to be carried out prior to budget deliberations that are expected to begin in January 2021. This report is an intermediate step in the 2021 budget process, which is meant to provide preliminary information for the Committee to review and consider. The topics and its

implications on the budgets have been organized in the following sections:

- Operating deficits due to the Covid-19 pandemic;
- 2021 increases to the base operating budget;
- Proposed 2021 budget increments (Rationale in Appendices A and B);
- Projected utility rates; and
- Next steps.

### **Operating Deficits Due to the Covid-19 Pandemic**

Initially, it was expected that the City would have to use its reserves to fund the deficits that have been projected as a result of lower revenues and increased operating costs to deal with the Covid-19 pandemic. Fortunately, the federal and provincial governments provided some financial relief of \$3.769M under the Covid-19 Safe Restart Grant that the City can use towards the deficits.

Eligible costs outlined in the letter received from the Deputy Minister of Municipal Affairs and Housing include:

- addressing revenues shortfalls;
- facility reopening and operating costs;
- emergency planning and response costs;
- bylaw enforcement and protective services such as fire protection and police;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities); and
- other related costs.

As projected in the September 14, 2020 report to Council, staff estimate that there will be an operating deficit of \$1.1M in 2020. Staff have done a similar exercise to estimate the impacts of the pandemic on the 2021 budgets and the projected 2021 deficit is estimated to be \$1.8M. This is a conservative number that assumes operations will continue as is under the Covid-19 pandemic with the majority being related to decreased revenues from parking, investments and recreation and increased costs relating to recreation and parks. While it is challenging to separate out the financial impacts of the Covid-19 pandemic, staff are confident that the estimates are reasonable and that they are in line with the eligible use of the Covid-19 Safe Restart Grant.

As required, the City will report on the use of these funds under section 167 of the *Community Charter* and will provide a schedule to the Audited Financial Statements for each year that the grant is drawn down. Based on the projected deficits for 2020 and 2021, it is expected that the City will have a remaining \$869K available to address other issues as they arise that qualify as eligible costs outlined in the grant. Should the deficits not be realized, there would be more funds available under the grant to direct to other restart activities that Council may wish to support.

### **2021 Increases to the Base Operating Budget**

There are increases to the base operating budget that must be funded as the expenses have either already been approved and are in place or are a result of increases in contracts that cannot be avoided. The largest increase relates to annual salary and benefits across departments which is

expected as the City’s main expense relates to staff who provide services. When looking at other impacts, one of the more significant is due to changes in the RCMP and Integrated Teams contracted services and having to provide in house IT support for the RCMP due to the changes in services delivered by Surrey.

Other increases are necessary for property and liability insurance, software maintenance and license fees and building lease costs. In addition, there are positions that were temporarily funded from reserves in 2020 to keep property tax rates down at that time, that are ongoing and need to be funded from revenues. These increases have been partially offset by increases in revenues due to rate changes and taxation revenues from new construction. The net impact on the 2021 tax rate for these increases is 1.53%. Note that these estimates may need to be refined at the January 25 meeting if more detailed information, particularly related to BC assessment and new taxation revenues, changes in the near future.

| Description                 | Amount \$ | % Tax Inc |
|-----------------------------|-----------|-----------|
| Net Expenses                | 680,900   | 2.91%     |
| New Growth Taxation Revenue | - 322,500 | -1.38%    |
| Total Base Budget Increase  | 358,400   | 1.53%     |

### **Proposed 2021 Budget Increments**

#### Requests for Ongoing Operating Increases (Appendix A)

The following requests for funding are considered a change in operations that are not directly attributed to the pandemic. They are required on an ongoing basis and if approved, will need to be added to the City’s base operating budget starting in 2021, to be funded through taxation revenues. The 2021 taxation rates would have to be increased by 4.3646% to fund all the requests. The rationale for each item is provided by Departments in Appendix A.

| #      | Dept | Description                   | Amount \$ | % Tax Inc |
|--------|------|-------------------------------|-----------|-----------|
| 1      | ADM  | Training and Public Reception | 6,500     | 0.03%     |
| 2      | CAO  | Miscellaneous Consulting      | 10,000    | 0.04%     |
| 3      | ENG  | HVAC and Roof Maintenance     | 57,900    | 0.25%     |
| 4      | ENG  | Parks Staff                   | 249,200   | 1.06%     |
| 5      | FIRE | Fire Fighter                  | 76,300    | 0.32%     |
| 6      | HR   | Human Resources Advisor       | 104,400   | 0.45%     |
| 7      | RCMP | RCMP Member                   | 103,800   | 0.44%     |
| 8      | REC  | Pop-Up Gallery Lease          | 39,500    | 0.17%     |
| 9      | FIN  | Transfers to Reserves         | 375,000   | 1.60%     |
| Totals |      |                               | 1,022,600 | 4.36%     |

#### Requests for One Time Operating Increases (Appendix B)

The following table lists the requests for funding that are considered one-time operational requirements and are not considered to be directly attributed to the Covid-19 pandemic. In order to be included in the 2021 operating budget, they are recommended to be funded from the City’s Accumulated Surplus Reserve which is consistent with the City’s funding strategy for these types of one-time operating expenses. The previously approved items include the city-wide parking review, extension of a Committee Clerk and equipment for IT staff supporting the RCMP. The rationale for each of the proposed items is provided by Departments in Appendix B.

| #      | Dept | Description                        | Amount \$ |
|--------|------|------------------------------------|-----------|
| NA     |      | Previously approved items          | 77,000    |
| 10     | ENG  | Staff to Address Electronic Filing | 14,800    |
| 11     | FIN  | Parking Manager Assistance         | 22,000    |
| 12     | FIRE | Emergency Management Exercise      | 20,000    |
| 13     | HR   | AED Implementation                 | 6,300     |
| 14     | HR   | Management Training                | 30,000    |
| Totals |      |                                    | 170,100   |

### **Projected Utility Rates**

The preliminary figures in the draft financial plan for the utilities indicate that it may be possible to have a 0% increase in 2021 for the Sewer and Solid Waste Utilities. However, both utilities will require annual increases in the range of 2% to 3% in 2022 – 2025 to address capital requirements and inflationary increases.

The Drainage Utility is projected to need increases in the range of 5% annually to be able to address capital requirements, particularly to relocate the Habgood Pump Station. The projected rate increase is expected to impact an average single-family home by \$25 annually and an average multifamily home by \$9 annually. The 2021 Water Utility rate increase of 6.5% was previously discussed and the bylaw is included in the Council agenda for adoption.

### **Next Steps**

This report provides high level information about the 2021 Budget process and the items expected to impact the 2021 – 2025 Draft Financial Plan. The information and impacts on taxation rates are provided for information and preliminary feedback in advance of the deliberations that are expected to begin at the January 25, 2021 meeting of the Finance and Audit Committee.

Staff expect to be able to provide Council with the full Draft Financial Plan, including capital and reserve projections, for all funds for that meeting at which time staff will seek Council’s direction regarding the 2021 – 2025 Financial Plan. Additional meetings, which will include public consultation, are expected in February 2021, with the goal to have Council adopt the 2021 – 2025 Financial Plan Bylaw in March 2021. As per the *Community Charter*, the City must adopt its 2021 – 2025 Financial Plan Bylaw by May 15, 2021.

### **FINANCIAL IMPLICATIONS**

As discussed in the body of this report.

### **LEGAL IMPLICATIONS**

Not Applicable.

### **COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS**

The information provided in this report is meant to inform Council in advance of potential impacts on the City’s 2021- 2025 Financial Plan. Deliberations on the Financial Plan are expected to begin on January 25, 2021. There will also be opportunities for the public to comment and provide feedback during the budget deliberations.

### **INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS**

All departments have provided input for this report.

**CLIMATE CHANGE IMPLICATIONS**

Not Applicable.

**ALIGNMENT WITH STRATEGIC PRIORITIES**

Not Applicable.

**OPTIONS / RISKS / ALTERNATIVES**

That the Finance and Audit Committee receive this report for information in preparation for the 2021 budget deliberations which are expected to begin on January 25, 2021.

Alternatively, the Committee may wish to provide direction to stay between certain % increases and use reserves to achieve it. The risk of using reserves to fund ongoing operations is that the tax rates will need to be increased in the following year.

**CONCLUSION**

The information and proposed budget increments included in this report are provided for consideration and preliminary feedback in advance of the 2021 budget deliberations which are expected to begin on January 25, 2021.

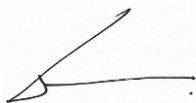
Respectfully submitted,



Colleen Ponzini, CPA, CGA  
Director of Financial Services

**Comments from the Chief Administrative Officer**

I concur with the recommendation of this corporate report.



Guillermo Ferrero  
Chief Administrative Officer

## APPENDIX A

### Requests for Ongoing Operating Increases

| # | Dept | Description                   | Amount \$ | % Tax Inc |
|---|------|-------------------------------|-----------|-----------|
| 1 | ADM  | Training and Public Reception | 6,500     | 0.03%     |

In 2019 and 2020, the City hosted a public State of the City event at the White Rock Community Centre. With Council requesting to have a public component in addition to the Mayor's State of the City address hosted by the SS&WR Chamber of Commerce, staff estimate \$3.5K will be required to address the public component.

The remaining \$3K is to provide some training for staff to be able to facilitate meetings with Council that are anticipated to occur in 2021 and future years.

| # | Dept | Description              | Amount \$ | % Tax Inc |
|---|------|--------------------------|-----------|-----------|
| 2 | CAO  | Miscellaneous Consulting | 10,000    | 0.04%     |

This request for funding is to address the expected use of various facilitators and or consultants periodically through the Office of the CAO. Having these funds available enables the CAO to maximize the impact of coordinating and delivering on Council initiatives.

| # | Dept | Description               | Amount \$ | % Tax Inc |
|---|------|---------------------------|-----------|-----------|
| 3 | ENG  | HVAC and Roof Maintenance | 57,900    | 0.25%     |

Contract maintenance is expected to increase because many of the HVAC systems and roofing are near end of life. Repairs and parts replacement are required to maintain the building. Delaying the maintenance and repairs of these assets typically increases costs in later years and increases risks of failure.

| # | Dept | Description | Amount \$ | % Tax Inc |
|---|------|-------------|-----------|-----------|
| 4 | ENG  | Parks Staff | 249,200   | 1.06%     |

Recent experience managing Parks during the COVID-19 pandemic has demonstrated the success of "boots on the ground" in conjunction with a structured organized approach towards Parks Operations. Additionally, increased leadership and focus is needed for Parks Health and Safety to ensure employee safety and to also improve the City's experience rating with WorkSafe BC which will reduce the City's WCB rates.

Accordingly, the replacement Parks Manager will focus on Health and Safety and a leaner structure designed to deliver clearly scheduled operations. In house staff will be utilized to meet clear maintenance schedules as opposed to past practice of calling in contractors on an ad hoc basis. The contract services will still need to continue during to peak demand periods and when specific skill sets are required. These contract activities will be planned in advance as part of overall schedules.



The above funding increase is necessary to continue the current level of Parks maintenance that elicited many positive comments from the public in 2020 and far fewer complaints than previous years. Part of the reason for the success in 2020 was the reassignment of resources from other City Departments per Council’s direction regarding the Covid-19 pandemic response; however, this resource reassignment is not expected to occur in 2021. The requested temporary full-time staff will fill this gap in 2021 and in future years.

| # | Dept | Description  | Amount \$ | % Tax Inc |
|---|------|--------------|-----------|-----------|
| 5 | FIRE | Fire Fighter | 76,300    | 0.32%     |

White Rock Fire Rescue has experienced a significant increase in call volume over the last five years. The five-year average from 2010 - 2014 was 1448 calls per year compared to the five-year average from 2015 – 2019 of 1811 calls per year. This represents a 25% increase in the number of calls which has also resulted in an escalation in the number of simultaneous calls received. Our response to simultaneous incidents is currently provided by auxiliary staff or career staff when capacity exists. These calls prove problematic during weekdays when Auxiliary staff is limited due to full-time work commitments. Auxiliary capacity is also challenged over long weekends and throughout the summer holidays.

In the 2018 - 2022 Financial Plan, White Rock Fire Rescue recommended phasing in two additional firefighters, one in 2021 and another in 2022. The two were added to the adopted Financial Plan at that time in 2021 and 2022. The additional firefighters would bring our staffing level up to an optimal 24 and allow for five firefighters per shift on a full-time basis. A five-person shift allows White Rock Fire Rescue to have two responding apparatus, a three-person Engine Company and a two-person Squad Company. During 5-person shifts the Squad is used as the primary response vehicle on medical calls while the Engine becomes the secondary vehicle should there be a simultaneous call or should additional assistance be required. By increasing our staff level to 24 career firefighters, a five-person shift could be maintained 24/7, improving the overall operational capacity of the Department. Adding one fire fighter position in 2021 would result in 162 additional staffed shifts over the year and enable the scheduling of up to 587 five-person shifts throughout the year, dependent on employee leaves.

As the City grows in density and population the expectation is that call volumes will continue to increase. The City has over one thousand residential units coming into our housing stock in 2020 and 2021. The increase in the number of high buildings in our City also impacts time spent at incidents, based on distances travelled to the bedside and back to apparatus, making crews unavailable for longer periods of time. Our new buildings and commercial spaces will also require fire inspections annually.

Benefits of a five-person shift include:

- Minimize the impact of relying upon auxiliary availability.
- Reduced response times during simultaneous incidents.
- Improved capacity would assist in dealing with most incidents, particularly weather events and fires, providing additional personnel and equipment.

- Reduction in overtime paid with increased capacity realized. (estimated annual savings of \$23K)
- A potential reduction in wages paid to Auxiliary staff.
- Maintain and improve inspection and fire prevention programs

If we do not increase our firefighter staffing level and call volume continues to rise as is expected, service levels will be impacted, and crew deployment times will increase.

| # | Dept | Description             | Amount \$ | % Tax Inc |
|---|------|-------------------------|-----------|-----------|
| 6 | HR   | Human Resources Advisor | 104,400   | 0.45%     |

Over the last number of years, Human Resources has faced a growing client base and increased levels of complexity in our work that has arisen out of changing Human Rights, WorkSafeBC and privacy legislation. Because of this increased volume and complexity, our Human Resources professionals have struggled to provide the essential HR services levels to our employee and management groups. Most significantly, service levels are less than ideal in corporate leave management, employee and leadership development, mental health, employee wellness, and health and safety management support.

Human Resources' current structure includes two Advisor positions who bring the necessary experience and expertise to deliver the essential service levels, one in HR and one in Safety. Although leave management programs typically sit on the HR side, given there are only two Advisors, to date leave management has been one of the portfolios assigned to the Safety Advisor, which currently occupies approximately 40% of her time. Roughly 50% of her daily work is spent advising, directing and supporting managers, supervisors, and employees in safety matters. This leaves only 10% of her time to dedicate to high-risk safety program work. Ideally, leave and stay at work programs should be assigned to an HR Advisor so that the Safety Advisor can provide better support to the City's safety program.

Although the City's WorkSafeBC experience rating has improved over the last several years, we continue to pay a surcharge rate and our safety record has been less than ideal. For this reason and because employee safety is paramount, at the very least more emphasis must be placed on our safety program by removing the leave management portion from the Safety Advisor's portfolio and assigning it to the HR side. Without an additional HR Advisor in place, this will mean we will continue to be unable to improve our current services in areas such as leadership and employee development, but also, we will have less resources available to the City's recruitment function given our HR Advisor will now be absorbing the leave management. Essentially, we will be looking at delays in filling our vacancies without an additional HR Advisor.

| # | Dept | Description | Amount \$ | % Tax Inc |
|---|------|-------------|-----------|-----------|
| 7 | RCMP | RCMP Member | 103,800   | 0.44%     |

Prior to 2018, the detachment has had 23 full-time police officer positions for over a decade. In 2018 Council approved an increase of two members for a total of 25 full-time police officers. This was part of a resource plan to increase each watch from 4 to 5 regular members.

White Rock is predominantly a frontline detachment. The frontline officers are divided into four watches providing 24-hour emergency response and investigative services. The watches consist of 1 supervisor and 4 constables, except for the fourth watch that only has three constables. The fourth constable position on the frontline is the position that this funding request addresses. The frontline officers are responsible for emergency call response, critical incidents, routine calls for service, collision investigation, traffic enforcement, general patrols, as well as conducting the majority of all criminal investigations in White Rock.

The additional officer is required to ensure that the detachment has the capacity to provide minimum officer coverage, which is challenged due to training, annual leave, court, adjusted shift, and long-term leaves. The long terms leaves are for paternity and maternity, in addition to longer term medical related leaves. When an officer is unable to work due to one of the long-term leaves just mentioned, and the duration is over 30 days, the wages for that officer are not billed to the City. However, the RCMP does not have a policy in place to backfill these positions; therefore, the positions remain blocked and any resource shortfalls are covered by overtime (paid at double the regular rate).

An additional officer will provide the capacity to ensure minimum coverage can be maintained which will reduce the need for overtime. This is important as too much overtime can be detrimental to officers’ health through increased workload.

This request will also impact 2022 in the amount of \$37K as the position would be funded from April to December in 2021 as the RCMP has a fiscal year end of March.

| # | Dept | Description          | Amount \$ | % Tax Inc |
|---|------|----------------------|-----------|-----------|
| 8 | REC  | Pop-Up Gallery Lease | 39,500    | 0.17%     |

The City of White Rock takes great pride and interest in our local artists and acknowledges the importance of supporting their creative work and livelihood. White Rock City Council has in the past viewed arts and culture as our second largest industry after tourism and are greatly invested in seeing arts and culture thrive and grow in our community.

The City’s 2014-2018 Cultural Strategic Plan identified the need for an art gallery in the Town Centre area of White Rock where artists could create and showcase their work. The goals of the Gallery are:

- To encourage growth of the creative/artistic sector in White Rock.
- To inspire and facilitate new artistic businesses.
- To expand local residents’ understanding and appreciation of creative endeavors that exist in the community.
- To position the Gallery as a visitor destination, and a hub within the Town Centre cultural district.
- To enliven uptown White Rock by expanding retail commercial activity.

The Gallery is managed by the City’s Manager of Cultural Development, but is operated by local artists on a volunteer basis. Groups of local artists must apply to use the Gallery to create, showcase, rehearse and/or sell their work for a month, after which a new group of artists are

allocated the space. The artists are required to open the Gallery for public viewing for a minimum of four days per week and a minimum of 15 hours/week.

The City does not currently own a suitable building that can be used as a public art gallery. By leasing storefront commercial space, and negotiating a discounted lease by providing naming rights, then having artists operate it, the City has been able to fulfill our community need for a public art gallery at a very low cost to the City.

The original Pop-Uptown Gallery opened in 2017 in storefront commercial space located beside the Rexall Drug Store on Johnston Road owned by Bosa. This lease was terminated in winter 2017, due to the start of construction of Miramar Towers C and D.

The Landmark Pop-Up Town Gallery has been in operation since February 01, 2018 in a 1,400 sq. ft. space leased from Landmark Premiere Properties at Central Plaza at a rate of roughly \$29K/year. The City gets a reduced lease rate for this space by providing naming rights to the landlord - Landmark Premier Properties. In addition to the annual lease, the City spent approximately \$50K on tenant improvements in 2018 to make the space suitable for use as an art gallery. This lease with Landmark Premiere Properties was for a three-year term, which expires at the end of January 2021.

The City had provided funding for the Pop-Up Gallery lease in each of the past three years. If the current lease is renewed with the current landlord, the expected annual budget required is \$42K/year.

Staff are in the process of reviewing other lease options for a Pop-Up Gallery in the Town Centre area which are expected to be more costly alternatives.

| # | Dept | Description           | Amount \$ | % Tax Inc |
|---|------|-----------------------|-----------|-----------|
| 9 | FIN  | Transfers to Reserves | 375,000   | 1.60%     |

City reserves are important to address future asset replacement, growth and progressive changes as expected by the community. In addition, reserves provide stability and long-term sustainability for city operations.

The annual contributions to reserves from taxation are generally to support capital projects related to transportation, parks, facilities and equipment. As new assets are added it is recommended that funding allocations increase to ensure the assets can be maintained and replaced in the future.

The reserves are monitored to ensure the annual requirements can be sustained and when it appears that the pressures outweigh the contributions, it becomes necessary to either increase the contributions or decrease the work plans. This increase in the transfers to reserves is proposed to ensure adequate funding remains available for capital projects.

## APPENDIX B

### *Requests for One Time Operating Increases*

| #  | Dept | Description                        | Amount \$ |
|----|------|------------------------------------|-----------|
| 10 | ENG  | Staff to Address Electronic Filing | 14,800    |

The electronic filing system allocated to the Engineering & Municipal Operations department has structural flaws, some of which the IT department has deemed as very serious and require immediate attention. In addition, the file system requires attention in order to meet records management standards. It is estimated that the project will take three months to complete.

| #  | Dept | Description                | Amount \$ |
|----|------|----------------------------|-----------|
| 11 | FIN  | Parking Manager Assistance | 22,000    |

The Parking Services division is overseen by a Parking Manager who spends considerable effort addressing the multitude of issues around parking in the City in timely fashion. It is expected that in 2021, the Manager will have to play a critical role in the City's parking review and any implementation of changes that result. This funding is requested to provide backfill for the Manager's role with current staff which will enable Parking Services to continue to respond in a timely and effective manner.

| #  | Dept | Description                   | Amount \$ |
|----|------|-------------------------------|-----------|
| 12 | FIRE | Emergency Management Exercise | 20,000    |

Preparedness is the phase of emergency management during which action is taken to ensure readiness to undertake emergency response and recovery. It includes but is not limited to, planning, resource planning, staff management, training, exercises, stakeholder education and continuous improvement.

White Rock Fire Rescue is requesting funding to employ a consulting firm to assist in the design and organization of an Emergency Management exercise. The intention of the exercise is to apply Emergency Operations Command (EOC) training concepts to a hazard scenario while building the confidence and competence of personnel designated with response roles. This will include the implementation of extraordinary authorities, public information dissemination, situational awareness, resource management, cost recovery and associated interactions and process flows. The exercise is intended to create a realistic and manageable, yet complex event that will stress participants without overwhelming them.

Proposed is a series of concise, function specific training modules to be delivered by a consultant to pre-designated senior staff from all City departments in the lead up to the exercise (five half day sessions, approx. 25 participants). The training provided will ensure participating senior staff are comfortable performing a role in our EOC. The exercise will allow personnel to apply and practice

the skills they have learned. Cross training of staff is recommended to add organizational depth and operational flexibility.

A written after-exercise report will be provided by the consultant and will include a summary of observations and recommendations.

Fire Rescue is working with the City's grant consultant in exploring a UBCM grant opportunity through the Community Emergency Preparedness Fund. If the grant application is successful, it would cover the cost of the exercise.

| #  | Dept | Description        | Amount \$ |
|----|------|--------------------|-----------|
| 13 | HR   | AED Implementation | 6,300     |

As part of an effective emergency response program that was initiated in prior years, Automated External Defibrillators (AED's) should continue to be installed. AED's can be used by non-medical people for prompt delivery of CPR. Recreation and Culture and Engineering Operations already have the AED's. This funding request is for the next phase of the implementation which is to introduce units in City Hall and the Annex.

| #  | Dept | Description         | Amount \$ |
|----|------|---------------------|-----------|
| 14 | HR   | Management Training | 30,000    |

Continuation of management leadership training and teambuilding will contribute to the City's overall success in reaching Council goals and objectives.



# The Corporation of the City of White Rock

Audit Planning Report  
for the year ending December 31, 2020

*KPMG LLP*

Dated November 30, 2020 for the Finance and Audit  
Committee Presentation on December 7, 2020.

[kpmg.ca/audit](http://kpmg.ca/audit)



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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.



The contacts at KPMG in connection with this report are:

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This Audit Planning Report should not be used for any other purpose or by anyone other than the Council and Management of The Corporation of the City of White Rock. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Executive summary

We are pleased to provide for your review the following information relating to the planned scope and timing for the audit of the financial statements of The Corporation of the City of White Rock (the “City”) for the year ending December 31, 2020.

## Changes in operations

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The City’s services were significantly impacted by this and many of its facilities including libraries and recreation centres were closed to the public from March 2020 to June 2020. During the closures, a reduced number of City staff continued providing services to the public. In July 2020, the City began opening its facilities to the public on a limited basis, followed by open public access in planned phases.

As the COVID-19 pandemic evolves, the City will continue to assess the impact on its operations and finances and consider the implications on financial reporting. We have analyzed the impact of the COVID-19 pandemic situation on the audit of the financial statements for the year ending December 31, 2020 and discussed the audit and financial reporting implications with management. In addition to the planned audit procedures, we will also evaluate the impact of the COVID-19 pandemic on the financial statements.

See pages 3 to 5 for further details.

## Areas of audit focus

Our audit of the City is risk-focused. As part of our audit process, we have had discussions with management about the changes in the organization and other items that should be brought to our attention, and we have considered the impact, if any, to the audit. In planning our audit, we have taken into account key areas of audit focus for financial reporting. These include:

- Tangible capital assets;
- Revenue recognition and deferred revenue;
- Expenses, including payroll;
- Valuation of post-employment benefits;
- Contingencies; and
- Presumed risk of management override of controls

See pages 6-8 for further details.

## Materiality

We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. Materiality has been determined based on budgeted total expenses for the year ending December 31, 2020. We have determined materiality to be \$1,500,000 for the year ending December 31, 2020.

See page 10 for further details.

## Quality Control and Independence

We are independent of the City and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow the City’s approved protocols as determined by those charged with governance.

## New accounting and auditing standards

There are no new accounting standards effective for the City’s 2020 fiscal year.

A new auditing standard, CAS 540 Auditing Accounting Estimates and Related Disclosures, is effective for the City’s 2020 fiscal year.

See Appendix 3 for further details.

## Current developments and audit trends

Please refer to Appendix 3 for the current developments updates and audit trends, including COVID-19 resources.

# Audit and financial reporting impacts of COVID-19

We provide the following information for the review of the Finance and Audit Committee (“the Committee”) and describe the additional procedures that we will be performing. As the COVID-19 pandemic is a dynamic situation, we will continue to update our Audit Plan as the situation warrants. We will communicate any additional changes to our Audit Plan to the Committee in our Audit Findings Report.

## Audit implications

| Considerations                   | Audit implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Conducting the audit work</b> | <ul style="list-style-type: none"><li>– KPMG is fully paperless and poised to undertake a remote audit in an efficient manner if required. We have established a secure ShareFile platform to facilitate the sharing of information with management. We have discussed the details of the audit with management, and we are ready to undertake the audit as planned and on schedule.</li><li>– The ability for the audit to commence is highly fluid and dependent on management’s ability to physically or digitally access underlying documents in a safe and healthy manner.</li></ul>                                                                                                                                                                                                                                            |
| <b>General considerations</b>    | <ul style="list-style-type: none"><li>– Many organizations have been required, out of necessity, to amend process activities and controls, and as such, segregation of duties and approval of transactions may also have been impacted.</li><li>– We will obtain an understanding of what changes to process activities and controls have been implemented to determine if the planned audit procedures are appropriate. We have conducted preliminary discussions with management and will confirm our understanding of any significant changes by performing walkthroughs of transactions.</li><li>– We will consider the impact of COVID-19 on the City’s operations and finances in performing our risk assessment, substantive testing, analytical procedures, and completion activities.</li></ul>                             |
| <b>Subsequent event</b>          | <ul style="list-style-type: none"><li>– Currently, we expect that COVID-19 will continue to impact the City’s operations and finances subsequent to year-end.</li><li>– An assessment should be made by management of any COVID-19 financial implications. Actions undertaken by the City should be disclosed in a note to the financial statements, including a statement as to whether or not these factors present uncertainty over future cash flows, cause significant changes to assets and liabilities, and/or significantly impact future operations. Measurement of the estimated financial effect should be disclosed, or it should be stated if the effect is not determinable.</li><li>– We will work with management to customize the wording of the subsequent event note for the City’s specific situation.</li></ul> |

# Audit and financial reporting impacts of COVID-19 (continued)

## Financial reporting considerations

| Considerations                                                    | Financial reporting considerations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accounts receivable</b>                                        | <ul style="list-style-type: none"><li>– Management will perform a detailed analysis of any uncollectible receivable balances including those owed by related parties and other entities. This includes ensuring provisions for uncollectible amounts is appropriate based on the ageing and expected collectability of balances.</li><li>– We will perform an enhanced review of management's analysis, including the ageing of receivables and assess whether the provision is reasonable.</li></ul>                                                                                                                                                                                                                                              |
| <b>Accounts payable and accrued liabilities, and expenditures</b> | <ul style="list-style-type: none"><li>– Management will ensure that the liabilities and related expenses are complete and accurate. Accruals may need to be calculated due to delays in receiving vendor invoices.</li><li>– We will evaluate enhanced audit risk surrounding cut-off due to matters such as potentially inability to receive goods, or the associated paperwork for processing from internal or external sources.</li><li>– We will perform an enhanced review of management's assessment and calculation of significant accruals including severance accruals, if any.</li><li>– We will review payments made and invoices received subsequent to year-end to ensure they are recorded in the appropriate fiscal year.</li></ul> |
| <b>Deferred revenue</b>                                           | <ul style="list-style-type: none"><li>– Management will monitor and track deferred revenue to determine whether any amounts require reclassification to accounts payable and accrued liabilities.</li><li>– We will perform an enhanced review of management's analysis of deferred revenue and assess whether the accounting and presentation is reasonable.</li></ul>                                                                                                                                                                                                                                                                                                                                                                            |

# Audit and financial reporting impacts of COVID-19 (continued)

## Financial reporting considerations

| Considerations                  | Financial reporting considerations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Employee future benefits</b> | <ul style="list-style-type: none"><li>– Management should work with the City’s actuary to assess the potential impact of COVID-19 on the actuarial valuation of the employee future benefits. In particular, the assessment will consider the potential impact on the valuation from:<ul style="list-style-type: none"><li>• Changes to the usage of banked time by employees,</li><li>• The appropriateness of the expected future inflation rate used, and</li><li>• The appropriateness of the discount rate used.</li></ul></li><li>– We may engage KPMG internal actuarial specialists to review the reasonableness of assumptions used by the actuaries in the valuation.</li><li>– The accounting treatment and any financial statement disclosures related to the impact of COVID-19, if any, will be reviewed to ensure it is in accordance with the financial reporting framework.</li></ul> |
| <b>Revenue</b>                  | <ul style="list-style-type: none"><li>– Management will continue to analyze the changes in revenue relative to the prior year and identify the impacts of COVID-19.</li><li>– We will review the funding agreement relating to the COVID-19 Safe Restart Grants for Local Governments to ensure that revenue is recognized in accordance with the stipulations outlined in the agreement.</li><li>– We will review management’s analysis to understand the impacts of COVID-19 and assess whether the variances from the prior year balances are reasonable to ensure revenue reported in the financial statements is complete and accurate.</li></ul>                                                                                                                                                                                                                                                 |
| <b>Expenditures</b>             | <ul style="list-style-type: none"><li>– Management will monitor and track incremental expenditures and consider the presentation of the expenditures in the financial statements.</li><li>– We will perform an enhanced review of management’s analysis of expenditures and assess whether the accounting and presentation is reasonable.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

# Areas of focus for financial reporting

| Areas of focus                 | Why are we focusing here?                                                                                                                                                                                                 | Our audit approach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tangible Capital Assets</b> | Tangible capital assets represent a significant portion of assets of the City. The assets owned by the City include land, buildings, roads, equipment, sewer and water system infrastructure, and may require estimation. | <ul style="list-style-type: none"><li>- Update our understanding of the process activities and controls over tangible capital assets.</li><li>- Detailed testing of asset additions, including developer contributions, and inspection of supporting documentation to ensure it is appropriate to capitalize the costs.</li><li>- Detailed testing of dispositions including inspection of supporting documentation and assessing if the gain or loss on disposition has been recorded appropriately.</li><li>- Review the reasonableness of estimated useful lives and amortization recognized. Review management's assessment of impairment, if any, to tangible capital assets.</li><li>- Assess whether the facts related to any impairment issues identified support a write down to the asset.</li><li>- Review agreements for contractual commitments and related disclosure requirements.</li></ul> |

---

# Areas of focus for financial reporting (continued)

| Areas of focus                                  | Why are we focusing here?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Our audit approach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue recognition and deferred revenue</b> | <p>Revenue is recorded on an accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including property taxes, development cost charges (“DCCs”), government grants, contributions for future capital works, and amounts collected for building permits and facility upgrades, are reported as deferred revenue and recognized when earned.</p> <p>As contributions are received for specified purposes and sometimes contain restrictions, there is a need to determine whether the amounts should be deferred or recognized as revenue.</p> | <p>In addition to the additional procedures noted in the section “Audit and financial reporting impacts of COVID-19” relating to deferred revenue, we will:</p> <ul style="list-style-type: none"><li>– Update our understanding of the process activities over revenues and contributions received, amounts spent as well as deferral of unspent amounts.</li><li>– Evaluate the design and implementation of controls over contributions received and expenditures incurred, as well as management’s review of related balances.</li><li>– Review the accounting for all new agreements to determine whether stipulations or restrictions exist and how the funds should be recognized and/or deferred.</li><li>– Perform substantive procedures, including vouching and review of supporting documentation related to contributions received, as well as expenses incurred, to ensure that revenues and expenses are appropriately recognized, and deferred contributions are appropriately recorded.</li><li>– For DCCs, review the year-end fund balances and identify any funds with a negative balance. For funds with negative balances, inquire with management about the plan for future collection of DCC.</li><li>– For Community Amenity Charges, perform substantive test of detail work over related revenue recognized and review related agreements to ensure appropriateness of amounts recognized.</li></ul> |

# Areas of focus for financial reporting (continued)

| Areas of focus                                 | Why are we focusing here?                                                                                                                                                                                                                          | Our audit approach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Expenses, including payroll</b>             | The City's expenses are closely monitored against Council approved budgets                                                                                                                                                                         | <p>In addition to the additional procedures noted in the section "Audit and financial reporting impacts of COVID-19", we will:</p> <ul style="list-style-type: none"> <li>– Update our understanding of the process activities and controls for expenses, including payroll.</li> <li>– Analyze the change in expenses relative to the prior year based on changes in operations.</li> <li>– Analyze the change in payroll expense relative to the prior year based on changes in head count and pay rates. Perform testing over head counts and pay rates changes.</li> <li>– Perform a search for unrecorded liabilities to ensure expenses are recorded in the appropriate fiscal year.</li> </ul>                                                                                          |
| <b>Valuation of Post – Employment Benefits</b> | The City provides certain post-employment benefits, compensated absences, and termination benefits to employees. Due to the complexities of the estimate, management has engaged an actuarial expert to assist in the development of the estimate. | <p>In addition to the additional procedures noted in the section "Audit and financial reporting impacts of COVID-19", and in accordance with the new estimates auditing standard, we will:</p> <ul style="list-style-type: none"> <li>– Obtain the valuation report as prepared by the City's actuarial expert and reviewing select assumptions used for reasonableness.</li> <li>– Obtaining data inputs provided by the City to the actuary for use in determining the estimate and testing select items to determine accuracy of the data provided.</li> <li>– Perform an analytical review over these amounts.</li> <li>– Reviewing note disclosure in the financial statements to determine if required disclosures under the accounting standards are appropriately included.</li> </ul> |
| <b>Contingencies</b>                           | The City is required to make provisions for contingencies. This would include potential and known litigations and claims that are likely to result in liabilities for the City.                                                                    | <ul style="list-style-type: none"> <li>– Make inquiries with management with respect to any contingencies and legal claims up to the audit report date.</li> <li>– Obtain legal confirmations as appropriate.</li> <li>– Assess appropriateness of financial statement treatment including related disclosures.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

# Audit risks

## Professional requirements

Risk of material misstatement due to fraud resulting from management override of controls

## Why is it significant?

This is a presumed risk of material misstatement due to fraud.

## Our audit approach

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments,
- Performing a retrospective review of estimates, and
- Evaluating the business rationale of significant unusual transactions.

## Inquiries required by professional standards

Professional standards require that we obtain your view on the risk of fraud. We make similar inquiries to management as part of our planning process:

- Are you aware of, or have you identified any instances of actual, suspected, possible, or alleged non-compliance of laws and regulations or fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- What are your views about fraud risks in the City?
- How do you exercise effective oversight of management's processes for identifying and responding to the risk of fraud in the City and internal controls that management has established to mitigate these fraud risks?
- Has the City entered into any significant unusual transactions?

Please provide any comments that Committee members may have to Brandon Ma at [bjma@kpmg.ca](mailto:bjma@kpmg.ca).





# Materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors. To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality. Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate.

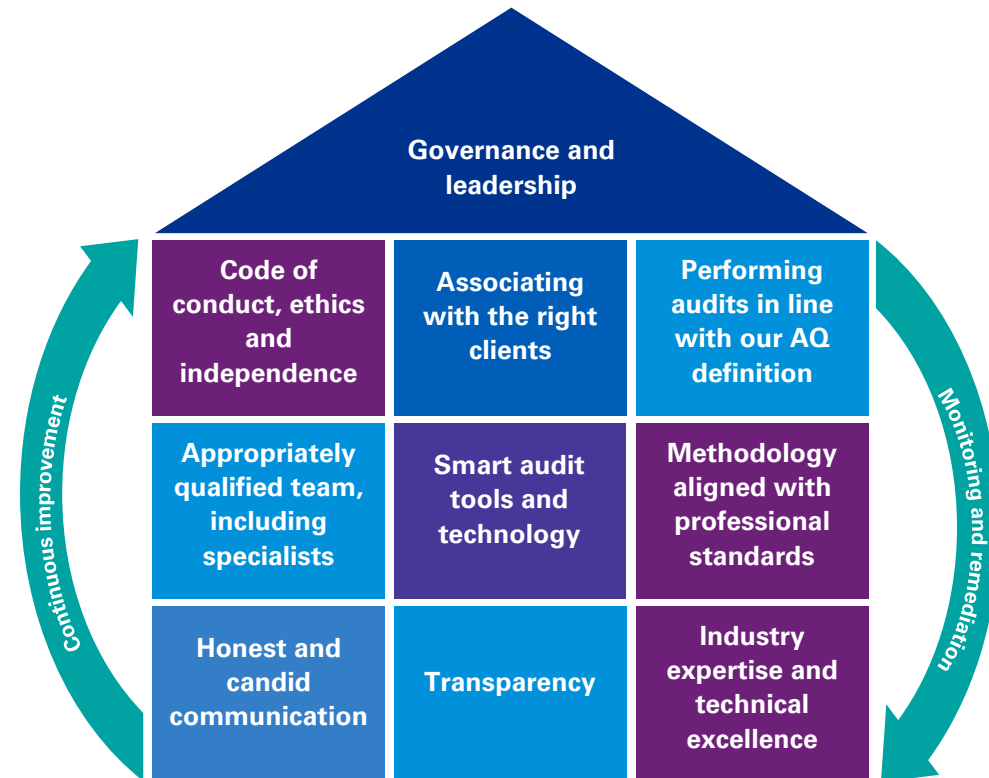
| Materiality determination                   | Comments                                                                                                                                                                                                                                                                                   | Amount       |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Benchmark</b>                            | Relevant metrics for a public sector organization includes total revenue, total expenses and total assets. The selected benchmark is budgeted expenses for the year ending December 31, 2020.<br>In the prior year, the 2018 total expenses of \$40,894,286 was selected as the benchmark. | \$51,132,963 |
| <b>Materiality</b>                          | Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.<br>The corresponding amount for the prior year's audit was \$1,250,000.                                    | \$1,500,000  |
| <b>% of Benchmark</b>                       | The prescribed range is between 0.5% and 3.0% of the benchmark.<br>The corresponding percentage for the prior year's audit was 3%.                                                                                                                                                         | 3%           |
| <b>Audit misstatement posting threshold</b> | 5% of materiality. Threshold used to accumulate misstatements identified during the audit.<br>The corresponding amount for the prior year's audit was \$62,500.                                                                                                                            | \$75,000     |

## We will report to the Committee:

-  Corrected audit misstatements
-  Uncorrected audit misstatements

# Audit quality and transparency

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

## What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

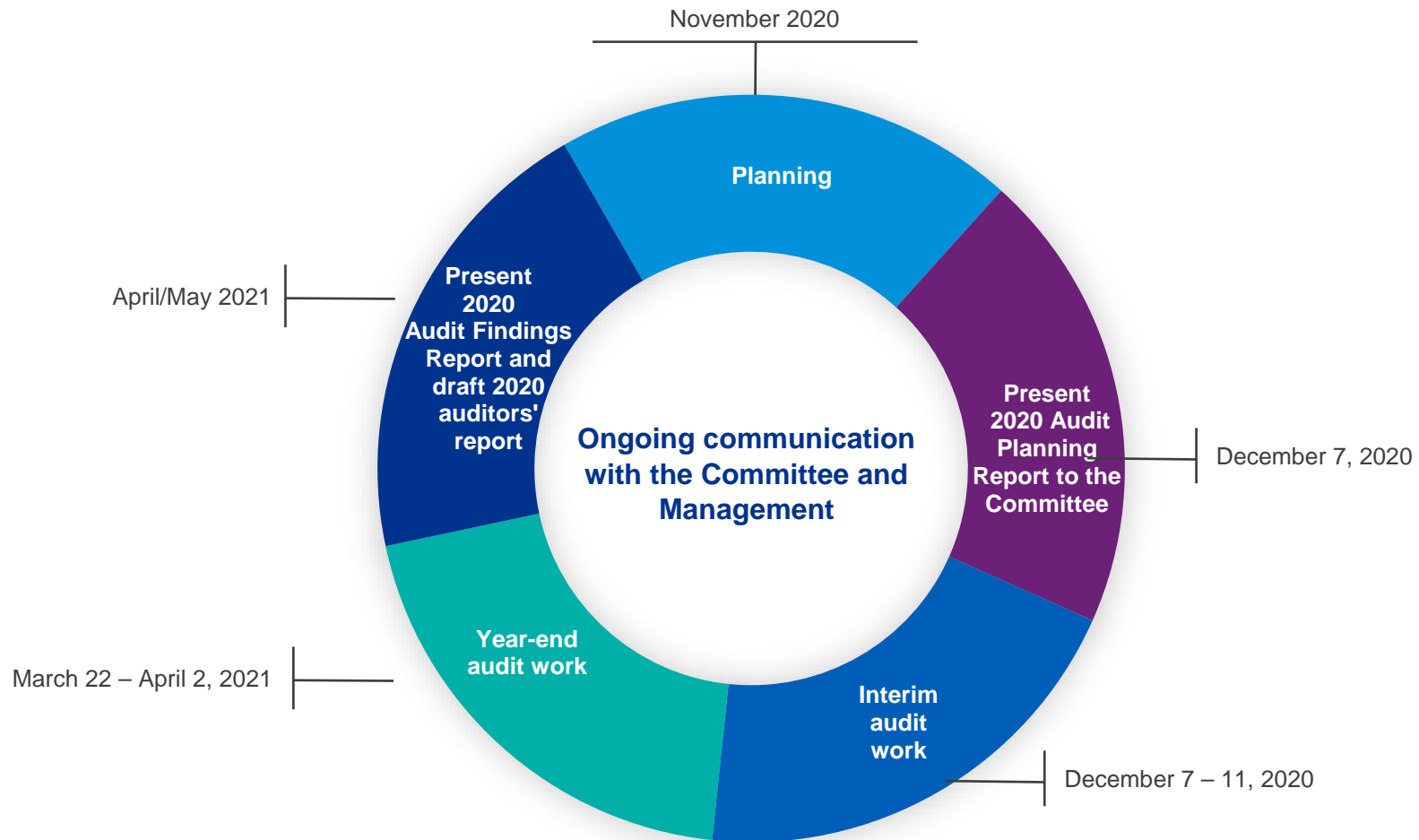
We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls, and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).

# Key deliverables and milestones



# Appendices

**Appendix 1: Required communications**

**Appendix 2: Engagement letter**

**Appendix 3: Current developments**



# Appendix 1: Required communications

|                                                                                                                                                   |                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Engagement letter</b>                                                                                                                          | <b>Auditors' report</b>                                                                                                                                                                                  |
| The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in Appendix 2. | A copy of our draft auditors' report setting out the conclusion of our audit will be provided at the completion of the audit.                                                                            |
| <b>Audit planning report</b>                                                                                                                      | <b>Management representation letter</b>                                                                                                                                                                  |
| Presented by this report.                                                                                                                         | We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to the Committee. |
| <b>Independence</b>                                                                                                                               | <b>Audit findings report</b>                                                                                                                                                                             |
| At the completion of our audit, we will re-confirm our independence to the Committee.                                                             | At the completion of the audit, we will provide our findings report to the Committee.                                                                                                                    |
| <b>Internal control deficiencies</b>                                                                                                              |                                                                                                                                                                                                          |
| Control deficiencies identified during the audit will be communicated to management and the Committee.                                            |                                                                                                                                                                                                          |

# Appendix 2: Engagement Letter



KPMG LLP  
PO Box 10426  
777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## **ENGAGEMENT LETTER**

### **PRIVATE & CONFIDENTIAL**

Ms. Colleen Ponzini  
Director of Financial Services  
The Corporation of the City of White Rock  
15322 Buena Vista Avenue  
White Rock, BC V4B 1Y6

November 30, 2020

Dear Ms. Ponzini:

The purpose of this letter is to outline the terms of our engagement to audit the annual financial statements of the Corporation of the City of White Rock (“the Entity”), commencing for the period ending December 31, 2020.

This letter supersedes our previous letter to the Entity dated October 22, 2015.

The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing. The attached Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the “Engagement Letter”).

### ***Financial Reporting Framework for the Financial Statements***

The annual financial statements will be prepared and presented in accordance with Canadian public sector accounting standards (hereinafter referred to as the “financial reporting framework”).

The annual financial statements will include an adequate description of the financial reporting framework.

### ***Management's Responsibilities***

Management responsibilities are described in [Appendix – Management's Responsibilities](#).

An audit does not relieve management or those charged with governance of their responsibilities.



### ***Auditor's Responsibilities***

Our responsibilities are described in [Appendix – Auditor's Responsibilities](#).

If management does not fulfill the responsibilities above, we cannot complete our audit.

### ***Auditor's Deliverables***

The auditors' report(s) will be in writing and the expected content of our auditors' report(s) is provided in [Appendix – Expected Form of Report](#). However, there may be circumstances in which a report may differ from its expected form and content.

In addition, if we become aware of information that relates to the financial statements after we have issued our audit report, but which was not known to us at the date of our audit report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our audit, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our audit report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our audit report would have been affected if the information had been known as of the date of our audit report; and (b) we believe that the audit report may have been distributed to someone who would attach importance to the information, appropriate steps will be taken by KPMG, and appropriate steps will also be taken by the Entity, to advise of the newly discovered facts and the impact to the financial statements.

Our deliverables regarding income tax advisory services are described in [Appendix – Income Tax Advisory Services](#).

### ***Additional Responsibilities regarding "Other Information"***

"Other information" is defined in professional standards to be the financial or non-financial information (other than the financial statements and the auditors' report thereon) included in the "annual report". An "annual report" is defined in professional standards to comprise a document or combination of documents. Professional standards also indicate that:

- an annual report is prepared typically on an annual basis in accordance with law, regulation or custom (i.e., is reoccurring)
- an annual report contains or accompanies the financial statements and the auditors' report thereon
- an annual report's purpose is to provide owners (or similar stakeholders) with information on the Entity's:
  - operations; and/or
  - financial results and financial position as set out in the financial statements.





Based on discussions with management, the document likely to be entitled 2020 Annual Report is expected to meet the definition of an “annual report” under professional standards.

Management agrees, when possible, to provide us with the final versions of the document comprising the “annual report” prior to the date of our auditors’ report on the financial statements. If that timing is not possible, management agrees to provide us with the final version of the document comprising the “annual report” prior to the entity’s issuance so that we can complete our responsibilities required under professional standards.

Management is responsible for the “other information”. Our responsibility is to read the “other information” and, in doing so, consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit.

Our responsibility is also to remain alert for indications that the “other information” appears to be materially misstated.

Our auditors’ report on the financial statements, when applicable under professional standards, will contain a separate section where we will report on this “other information”.

### **Fees**

[Appendix – Fees for Professional Services](#) to this letter lists our fees for professional services to be performed under this Engagement Letter.

\*\*\*\*\*

We are available to provide a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.

We are proud to provide you with the services outlined above and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements and terms are acceptable, please sign the duplicate of this letter in the space provided and return it to us.

Yours very truly,

Brandon Ma, CPA, CA

*Partner responsible for the engagement and its performance, and for the reports that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body.*

604-691-3562



Corporation of the City of White Rock  
November 30, 2020

Enclosure

cc: Finance & Audit Committee

\*\*\*\*\*

The terms of the engagement set out are as agreed:

---

Ms. Colleen Ponzini, Director of Financial Services

30 / 11 / 20

---

Date (dd/mm/yy)



## **Appendix – Management’s Responsibilities**

Management acknowledges and understands that they are responsible for:

- (a) the preparation and fair presentation of the financial statements in accordance with the financial reporting framework referred to above.
- (b) providing us with all information of which management is aware that is relevant to the preparation of the financial statements (“relevant information”) such as financial records, documentation and other matters, including:
  - the names of all related parties and information regarding all relationships and transactions with related parties
  - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are to be included in such summaries.
- (c) providing us with unrestricted access to such relevant information.
- (d) providing us with complete responses to all enquiries made by us during the engagement.
- (e) providing us with additional information that we may request from management for the purpose of the engagement.
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence.
- (g) such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- (h) ensuring that all transactions have been recorded and are reflected in the financial statements.
- (i) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion or conclusion when management does not provide certain written representations required.



## **Appendix – Auditor’s Responsibilities**

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's annual financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above.
- to report on the annual financial statements.

We will conduct the audit of the Entity's annual financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable “professional standards”).

We will plan and perform the audit to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity's internal control. In making those risk assessments, we consider internal control relevant to the Entity's preparation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity's annual financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the board of directors. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.



**Appendix – Expected Form of Report**

**INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council of The Corporation of the City of White Rock

**Opinion**

We have audited the financial statements of The Corporation of the City of White Rock (the “City”), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of operations for the year then ended;
- the statement of net financial assets for the year then ended;
- the statement of cash flows for the year then ended and;
- notes and schedules to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**Other Information**

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors’ report thereon, included in the 2020 Annual Financial Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2020 Annual Financial Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Vancouver, Canada  
[Date]



## **Appendix – Income Tax Advisory Services**

This letter details the general tax advisory services to be provided to the Corporation of the City of White Rock (“the City”) for the year ended December 31, 2020 and in the future. If there are tax services to be delivered outside the scope of those described in this letter, we will require a separate engagement letter for those services.

Our advice generally falls under one of the following situations:

- 1) On an ongoing basis, we will provide advisory services of a general nature relating to various income, capital, payroll and indirect tax matters as they arise. This type of service generally arises on a periodic basis as a result of preliminary inquiries made by you. In rendering these services, it is important to recognize that the advice provided is dependent on the detail of the information provided and the environment in which it is rendered. When professional judgment suggests written confirmation of the facts and advice is necessary, we will draft the appropriate correspondence to ensure the appropriate standard of care is met by all parties.
- 2) Periodically, you will seek detailed advice from us in connection with a specific transaction or undertaking you are contemplating. In such a situation, our advice will be based on the information provided to us. It is the responsibility of the Entity to ensure we are provided with all the information necessary in order for us to render the advice sought. Our tax advice will most likely be communicated to you, or your designate, in writing.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect on our conclusions.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG’s services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

To be of greatest assistance to the Entity, we should be advised in advance of any proposed transactions. If such matters exceed the scope of this engagement letter, we will issue additional engagement letters to confirm the particular scope and terms.





### ***Appendix – Fees for Professional Services***

The Entity and KPMG agree to a fee based on KPMG's Audit Extension Letter dated November 30, 2020.

Where matters arise and require research, consultation and work beyond that included in the estimated fee, the Entity and KPMG will discuss revision of the estimated fee.

The factors that could cause a change in our fee include:

- Significant changes in the nature or size of the operations of the Entity beyond those contemplated in our planning processes.
- Changes in accounting standards, including adoption of asset retirement obligation standard.
- Changes in professional standards or requirements arising as a result of changes in professional standards or the interpretation thereof.
- Significant changes in the timing of our work.

Revision of the estimated fee as a result of a change in these factors will be proposed and agreed prior to the services being provided.

Our fee will be billed in progress billings. Our invoices are due and payable upon receipt.

Fees for tax advisory services provided under this engagement letter will be proposed and agreed at the time such services are to be performed.



### **Appendix – COVID-19 Rider**

1. During the engagement, each party shall keep the other party reasonably informed of any events which:
  - i. relate to the notifying party and the COVID-19 situation;
  - ii. are not existing or reasonably foreseeable at the date of this agreement; and
  - iii. will materially and adversely affect the notifying party's ability to perform its obligations under the engagement.
  
2. Each party will implement mitigation measures to enable the Services to be performed so far as reasonably practicable in the circumstances, including:
  - i. reducing travel (particularly international travel) and in-person meetings to the minimum necessary level;
  - ii. at the party's premises, implementing such infection control procedures as are recommended or required by official bodies in the applicable location;
  - iii. implementing internal corporate policies which permit and encourage individual remote working, and technical systems to enable individual remote working; and
  - iv. implementing telepresence, audio conference, videoconference, and other systems for collaborative working.
  
3. If, as a result of the global COVID-19 virus situation, performance by a party of its obligations under the engagement are rendered impossible or impracticable, the time for performance of such obligations shall be extended by such period as is reasonable in the circumstances, PROVIDED THAT the party in question is complying, and continues to comply, with its obligations pursuant to paragraphs 1 and 2 above.



## TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS

These Terms and Conditions are an integral part of the accompanying engagement letter or proposal from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The Engagement Letter supersedes all written or oral representations on this matter. The term "Entity" used herein has the meaning set out in the accompanying engagement letter or proposal. The term "Management" used herein means the management of Entity.

### 1. DOCUMENTS AND LICENSES.

a. All working papers, files and other internal materials created or produced by KPMG in relation to this engagement and all copyright and intellectual property rights therein are the property of KPMG.

b. Only in connection with the services herein, Entity hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Entity solely for presentations or reports to Entity or for internal KPMG presentations and intranet sites. Further, Entity agrees that KPMG may list Entity as a customer in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "Client is an Audit, Advisory, and/or Tax client of KPMG LLP").

### 2. ENTITY'S RESPONSIBILITIES.

a. Entity agrees that all management responsibilities will be performed and all management decisions will be made by Entity, and not by KPMG.

b. Entity's provision of documents and information to KPMG on a timely basis is an important factor in our ability to issue any reports under this Engagement Letter. KPMG is not responsible for any consequences arising.

c. To the extent that KPMG personnel are on Entity's premises, Entity will take all reasonable precautions for their safety.

d. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.

e. Except as required by applicable law or regulation, Entity shall keep confidential the terms of this Engagement Letter, and such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission.

f. Management agrees to promptly provide us with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported, including without limitation any continuous disclosure filings.

### 3. FEE AND OTHER ARRANGEMENTS.

a. KPMG's estimated fee is based in part on the quality of Entity's records, the agreed-upon level of preparation and assistance from Entity's personnel, and adherence by Entity to the agreed-upon timetable. KPMG's estimated fee also assumes that Entity's financial statements and/or other financial information, as applicable, are prepared in accordance with the relevant financial reporting framework or the relevant criteria, as applicable, and that there are no significant changes to the relevant financial reporting framework or the relevant criteria, as applicable; no significant new or changed accounting policies; no significant changes to internal control; and no other significant issues.

b. Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing management about new professional standards, and any related accounting advice. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, Entity and KPMG agree to revise the estimated fee. Our professional fees are also subject to an additional charge to cover information technology infrastructure costs and administrative support of our client service personnel. Disbursements for items such as travel, accommodation and meals will be charged based on KPMG's actual disbursements.

c. KPMG's invoices are due and payable upon receipt. Amounts overdue are subject to interest. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent.

d. Fees for any other services will be billed separately from the services described in this Engagement Letter and may be subject to written terms and conditions supplemental to those in the Engagement Letter.

e. Canadian Public Accountability Board ("CPAB") participation fees, when applicable, are charged to Entity based on the annual fees levied by CPAB.

### 4. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS; STORAGE AND USE OF INFORMATION.

a. KPMG is a member firm of the KPMG International Cooperative ("KPMG International"). Entity acknowledges that in connection with the provision of services hereunder, KPMG may use the services of KPMG International member firms, as well as other third party service providers or subcontractors, and KPMG shall be entitled to share with them all documentation and information related to the engagement, including Entity's confidential information and personal information ("information"). KPMG may also: (i) directly, or using such aforementioned KPMG International member firms, third party service providers or subcontractors, perform data analytics in respect of the information (other than personal information); and (ii) retain and disclose to KPMG International member firms the information to share best practices or for knowledge sharing purposes. In all such cases, except as regards personal information, such information may be used, retained, processed, or stored outside of Canada by such KPMG International member firms, other third party service providers or subcontractors, and may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG shall not disclose any personal information outside of Canada, except as required to comply with applicable law, regulation or professional standards, or as consented to in writing by the Entity. KPMG represents that such KPMG International member firms, other third party service providers or subcontractors have agreed or shall agree to conditions of confidentiality with respect to Entity's confidential information, and that KPMG is responsible to ensure their compliance with those conditions. Any services performed by KPMG International member firms or other third party service providers or subcontractors shall be performed in accordance with the terms of this Engagement Letter, but KPMG remains solely responsible to Entity for the delivery of the services hereunder. Entity agrees that any claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or other third party service providers or subcontractors referred to above.

b. Certain information (including information relating to time, billing and conflicts), other than personal information, collected by KPMG during the course of the engagement may be used, retained, processed and stored outside of Canada by KPMG, KPMG International member firms or third party service providers or subcontractors providing support services to KPMG for administrative, technological and clerical/organizational purposes, including in respect of client engagement acceptance procedures and maintaining engagement profiles; and to comply with applicable law, regulation or professional standards (including for quality performance reviews). Such information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG may also share information with its legal advisers and insurers for the purposes of obtaining advice.

c. Entity acknowledges that KPMG aggregates anonymous information from sources including the Entity for various purposes, including to monitor quality of service, and Entity consents to such use. KPMG may also use Entity's information to offer services that may be of interest to Entity.

### 5. PERSONAL INFORMATION.

KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at [www.kpmg.ca](http://www.kpmg.ca). Entity represents and warrants that it will obtain any consents required to allow KPMG to collect, use and disclose personal information in the course of the engagement. KPMG's Privacy Officer noted in KPMG's privacy policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

**6. THIRD PARTY DEMANDS FOR DOCUMENTATION AND INFORMATION / LEGAL AND REGULATORY PROCESSES.**

a. Entity on its own behalf hereby acknowledges and agrees to cause its subsidiaries and affiliates to acknowledge that KPMG or a foreign component auditor which has been engaged in connection with an assurance engagement ("component auditor") may from time to time receive demands from a third party (each, a "third party demand"), including without limitation (i) from CPAB or from professional, securities or other regulatory, taxation, judicial or governmental authorities (both in Canada and abroad), to provide them with information and copies of documents in KPMG's or the component auditor's files including (without limitation) working papers and other work-product relating to the affairs of Entity, its subsidiaries and affiliates, and (ii) summons for production of documents or information related to the services provided hereunder; which information and documents may contain confidential information of Entity, its subsidiaries or affiliates. Except where prohibited by law, KPMG or its component auditor, as applicable, will advise Entity or its affiliate or subsidiary of the third party demand. Entity acknowledges, and agrees to cause its subsidiaries and affiliates to acknowledge, that KPMG or its component auditor, as applicable, will produce documents and provide information in response to the third party demand, without further authority from Entity, its subsidiaries or affiliates.

b. KPMG will use reasonable efforts to withhold from production any documentation or information over which Entity asserts privilege. Entity must identify any such documentation or information at the time of its provision to KPMG by marking it as "privileged". Notwithstanding the foregoing, where disclosure of such privileged documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of Entity is required for such disclosure, then Entity hereby provides its consent.

c. Entity agrees to reimburse KPMG for its professional time and any disbursements, including reasonable legal fees and taxes, in responding to third party demands.

d. Entity waives and releases KPMG from any and all claims that it may have against KPMG as a result of any disclosure or production by KPMG of documents or information as contemplated herein.

e. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

**7. CONNECTING TO THE ENTITY'S IT NETWORK; EMAIL AND ONLINE FILE SHARING AND STORAGE TOOLS.**

a. Entity authorizes KPMG personnel to connect their computers to Entity's IT Network and the Internet via the Network while at the Entity's premises for the purpose of conducting normal business activities.

b. Entity recognizes and accepts the risks associated with communicating electronically, and using online file sharing, storage, collaboration and other similar online tools to transmit information to or sharing information with KPMG, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Entity assumes all responsibility or liability in respect of the risk associated with the use of the foregoing, and agrees that KPMG is not responsible for any issues that might arise (including loss of data) as a result of Entity using the foregoing to transmit information to or otherwise share information with KPMG and, in the case of online tools other than email, KPMG's access to and use of the same in connection with obtaining Entity information and documents.

**8. LIMITATION ON WARRANTIES.**

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. SUBJECT TO SECTION 14, KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

**9. LIMITATION ON LIABILITY AND INDEMNIFICATION.**

a. Subject to Section 14: (i) Entity agrees that KPMG shall not be liable to Entity for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Claims") in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the lesser of one million dollars (\$1,000,000) or two times the fees paid by Entity to KPMG under the engagement; and (ii) on a multi-phase engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular phase that gives rise to the liability.

b. Subject to Section 14, in the event of a Claim by any third party against KPMG that arises out of or relates to the services performed hereunder, Entity will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees, except to the extent finally determined to have resulted from the intentional, deliberate or fraudulent misconduct of KPMG.

c. Subject to Section 14: (i) in no event shall KPMG be liable for consequential, special, indirect, incidental, punitive or exemplary damages, liabilities, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs); (ii) in any Claim arising out of the engagement, Entity agrees that KPMG's liability will be several and not joint and several; and (iii) Entity may only claim payment from KPMG of KPMG's proportionate share of the total liability based on degree of fault.

d. For purposes of this Section 9, the term KPMG shall include its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section 9 shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

**10. CONSENT TO THE USE OF THE KPMG NAME OR KPMG REPORT.**

Except as otherwise specifically agreed in this Engagement Letter, KPMG does not consent to:

i. the use of our name or our report in connection with information, other than what we have reported on as part of this Engagement Letter or our report thereon, that contains, incorporates by reference, or otherwise accompanies our report or our name;

ii. the use of our report in another language, or the use of our report in connection with information that we reported on that has been translated into another language, or the use of our name in connection with information that we reported on that has been translated into another language;

iii. the use of our report in connection with an offering document or other securities filing, including continuous disclosure filings; or

iv. the use of our name or our report in connection with the interim financial statements (or other interim financial information) or any statement by the Entity regarding the services that we provided on the interim financial statements or other interim financial information.

Any communication, report, statement or conclusion on the interim financial statements may not be included in, or otherwise referred to in any public document or public oral statements except when the interim review conclusion contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

If the Entity wishes to obtain KPMG's consent regarding the matters above or other matters not otherwise specifically covered by this Engagement Letter, we will be required to perform procedures as required by applicable professional standards, and such procedures would be a separate engagement and subject to separate engagement terms.

**11. ALTERNATIVE DISPUTE RESOLUTION.**

Any dispute or claim between the parties arising under or relating to this Engagement Letter or the services provided hereunder (the "Dispute") shall be submitted to non-binding mediation. If mediation is not successful within 90 days after the issuance by a party of a request for mediation, then the Dispute shall be referred to and finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada in force at that time. The Seat of Arbitration shall be the province where KPMG's principal office performing this engagement is located. The language of the arbitration shall be English. The Arbitral Tribunal shall be made up of a single Arbitrator. The arbitration award shall be final, conclusive and binding upon the parties, and not subject to appeal.



**12. POTENTIAL CONFLICTS OF INTEREST.**

a. KPMG is or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that, without further notice or disclosure to Entity, KPMG may: (i) accept or continue such engagements on matters unrelated to KPMG's engagement for Entity; and (ii) provide advice or services to any other person or entity making a competing bid or proposal to that of Entity whether or not KPMG is providing advice or services to Entity in respect of Entity's competing bid or proposal.

b. In accordance with professional standards, KPMG will not use any confidential information regarding Entity in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls.

c. In no event shall KPMG be liable to Entity, or shall Entity be entitled to a return of fees or disbursements, or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement in accordance with the terms of this Engagement Letter.

d. Entity agrees that KPMG may, in its sole discretion, disclose the fact and nature of its engagement for Entity to (i) KPMG International member firms to inform conflict searches, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Entity, in connection with the engagement or any future engagement.

e. In the event that circumstances arise that place KPMG into a conflict of interest as between Entity and a pre-existing client, which in KPMG's sole opinion cannot be adequately addressed through the use of confidentiality and other safeguards, KPMG shall be entitled to immediately terminate the engagement with Entity, without liability.

f. Other KPMG International member firms are or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Entity.

**13. LOBBYING.**

Unless expressly stated in this Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Entity agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to this Engagement Letter.

**14. SEVERABILITY.**

The provisions of these Terms and Conditions and the accompanying proposal or engagement letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of the provisions of these Terms and Conditions or the accompanying proposal or engagement letter are determined to be invalid, void or unenforceable, the remaining provisions of these Terms and Conditions or the accompanying proposal or engagement letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall remain valid and in effect and be enforceable and binding on the parties to the fullest extent permitted by law.

**15. GOVERNING LAW.**

This Engagement Letter shall be subject to and governed by the laws of the province where KPMG's principal office performing this engagement is located (without regard to such province's rules on conflicts of law).

**16. LLP STATUS.**

KPMG is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation.

**17. INDEPENDENT LEGAL ADVICE.**

Entity agrees that it been advised to retain independent legal advice at its own expense prior to signing this Engagement Letter (including without limitation with respect to Entity's rights in connection with potential future conflicts) and agrees that any failure on its part to retain such independent

legal counsel shall not affect (and it shall not assert that the same affects) the validity of the provisions of this Engagement Letter.

**18. SURVIVAL.**

All sections hereof other than Section 7(a) shall survive the expiration or termination of the engagement.



## TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

### 1. TERMS AND CONDITIONS.

a. These Terms and Conditions are an integral part of the accompanying Proposal or Engagement Letter from KPMG that identifies the engagement to which they relate.

b. In the event of conflict between the Proposal or Engagement Letter and these Terms and Conditions, these Terms and Conditions shall prevail unless specific reference to a provision of the Terms and Conditions being varied is made in the Proposal or Engagement Letter. Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Proposal or Engagement Letter.

### 2. SERVICES.

KPMG will use reasonable efforts to complete the performance of the services within any agreed-upon time-frame. It is understood and agreed that KPMG's services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. KPMG will not perform management functions or make management decisions for Client. Nothing in these Terms and Conditions or Engagement Letter (or Proposal) shall be construed as precluding or limiting in any way the right of KPMG to provide services of any kind or nature whatsoever to any person or entity as KPMG in its sole discretion deems appropriate.

### 3. CLIENT RESPONSIBILITIES.

a. Client agrees to cooperate with KPMG in the performance of the services under the Engagement Letter and shall provide or arrange to provide KPMG with timely access to and use of the personnel, facilities, equipment, data and information necessary for KPMG to perform the services under the Engagement Letter. To the extent that KPMG personnel are on Client premises, Client will take all reasonable precautions for the safety of KPMG partners and employees at Client premises. Client shall be responsible for the performance of its employees and agents and for the accuracy and completeness of all data and information provided to KPMG for purposes of the performance by KPMG of its services hereunder. The Proposal or Engagement Letter may set forth additional responsibilities of Client in connection with the engagement. Client acknowledges that Client's failure to perform these obligations could adversely impact KPMG's ability to perform its services.

b. Client agrees that Client, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee the performance of the services under the Engagement Letter, and to evaluate the adequacy and results of such services; (iii) accept responsibility for the results of such services; and (iv) establish and maintain internal controls over the processes with which such services are concerned, including, without limitation, monitoring ongoing activities.

c. Client acknowledges and agrees that KPMG will, in performing the services, base its conclusions on the facts and assumptions that Client furnishes and that KPMG may use data, material, and other information furnished by or at the request or direction of Client without any independent investigation or verification and that KPMG shall be entitled to rely upon the accuracy and completeness of such data, material and other information. Inaccuracy or incompleteness of such data, material and other information furnished to KPMG could have a material effect on KPMG's conclusions.

d. Client acknowledges that information made available by it, or by others on Client's behalf, or otherwise known to partners or staff of KPMG who are not engaged in the provision of the services hereunder shall not be deemed to have been made available to the individuals within KPMG who are engaged in the provision of the services hereunder. Client undertakes that, if anything occurs after information is provided by Client to KPMG to render such information untrue, unfair or misleading, Client shall promptly notify KPMG.

### 4. REPORTING.

a. All oral and written communications by KPMG to Client with respect to the engagement, including, without limitation, drafts and those communications occurring prior to the execution of the Engagement Letter will be subject to the terms and conditions of the Engagement Letter and these Terms and Conditions. During the performance of the services, KPMG may supply oral, draft or interim advice, reports or presentations but in such circumstances KPMG's written advice or final written report shall take precedence. No reliance should be placed by Client on any oral, draft or

interim advice, reports or presentations. Where Client wishes to rely on oral advice or oral presentation, Client shall inform KPMG and KPMG will provide documentary confirmation of the advice concerned.

b. Subsequent to the completion of the engagement, KPMG will not update its advice, recommendations or work product for changes or modification to the law and regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions, unless Client separately engages KPMG to do so in writing after such changes or modifications, interpretations, events or transactions occur.

### 5. WORKING PAPERS AND USE OF REPORTS; USE OF NAME AND LOGO

a. KPMG retains all rights in all methodologies, know-how, knowledge, applications and software developed by KPMG either prior to or during the engagement. KPMG also retains all rights (including, without limitation, copyright) in all reports, written advice and other working papers and materials developed by KPMG during the engagement. Unless contemplated by the Engagement Letter, all reports and written advice are confidential and intended solely for Client's internal use (or the use of Client's management, as applicable) to assist with this specific matter or transaction, and, where applicable, government taxation authorities, and are not for general use, circulation or publication. Such reports and written advice shall not be edited, referred to, circulated, reproduced, distributed, published, made available, used for any other purpose or relied upon by any other person without KPMG's express written permission and on such terms and conditions as KPMG may require in its sole discretion. If such permission is given, Client shall not publish any extract or excerpt of KPMG's written advice or report or refer to KPMG without providing the entire advice or report at the same time. Notwithstanding the foregoing, Client may disclose in whole any report or written advice given to Client by KPMG hereunder solely to Client's legal and professional advisors for the purposes of Client seeking advice in respect of the transaction or matter to which the engagement relates, provided that when doing so Client informs such advisors that: (i) disclosure by them (except as permitted herein) is not permitted without KPMG's prior written consent; and (ii) KPMG accepts no responsibility or liability to such advisors in connection with such reports or written advice. Subject to the restrictions of Section 6, KPMG is entitled to use or develop the knowledge, experience and skills of general application gained through performing the engagement.

b. Client shall not refer to KPMG or use KPMG's name or logo in any manner or medium without the prior written permission of KPMG in each instance, which permission may be unreasonably withheld by KPMG.

c. The contents of this Section 5 may be reproduced in any report or written advice of KPMG, in whole or in part, at KPMG's sole discretion. Any failure of KPMG to include any such language shall not derogate from the obligations set out in this Section 5.

### 6. CONFIDENTIALITY.

a. Except as described in Section 5 above, Client will treat in confidence any information provided by KPMG to Client, including but not limited to KPMG methodologies, know-how, knowledge, application or software, and will not use or disclose any such confidential information of KPMG to others.

b. Except as expressly set forth herein, KPMG will treat as confidential all proprietary information and personal information obtained from Client in the course of the engagement.

c. The restrictions in subsections 6 (a) and (b) above shall not apply to any information that: (i) is required by law or professional standards applicable to KPMG to be disclosed; (ii) that is in or hereafter enters the public domain; (iii) that is or hereafter becomes known to Client or KPMG, as the case may be, without breach of any confidentiality obligation; or (iv) that is independently developed by KPMG.

d. KPMG shall be entitled to include a description of the services rendered in the course of the engagement in marketing and research materials and disclose such information to third parties, provided that all such information will be rendered anonymous and not subject to association with Client.

KPMG shall be entitled to share all information provided by the Entity with all other member firms of KPMG International Cooperative ("KPMG International") and with KPMG International itself for the purpose of quality performance reviews, provided that any personal information shall remain within Canada.

f. Professional standards require KPMG personnel performing any audit or assurance services for clients to discuss or have available to them all



information and materials that may affect the audit or assurance engagement. Client authorizes, if Client is or becomes an assurance Client, KPMG personnel performing services under the engagement to make available to the KPMG assurance engagement team and other KPMG personnel, the findings, observations and recommendations from the engagement and agrees that KPMG may use all such findings, observations and recommendations in KPMG's assurance engagement.

**g.** Except as required by applicable law or regulation, Client shall keep confidential the existence and terms of the Proposal or the Engagement Letter (as applicable) and these Terms and Conditions. Such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission. Further, for purposes of the services described in the Engagement Letter only, the Client hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Client solely for presentations or reports to the Client or for internal KPMG presentations and intranet sites.

**7. PERSONAL INFORMATION CONSENTS AND NOTICES.**

Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at [www.kpmg.ca](http://www.kpmg.ca). KPMG may be required to collect, use and disclose personal information about individuals during the course of this engagement.

The Entity represents and warrants that it will obtain any consents reasonably required to allow KPMG to collect, use and disclose personal information in the course of the engagement. KPMG's Privacy Officer noted in KPMG's Privacy Policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

**8. INFORMATION PROCESSING OUTSIDE CANADA.**

Confidential information, but not personal information, collected by KPMG during the course of this engagement may be used, processed and stored outside of Canada by KPMG, KPMG International member firms performing services hereunder or third party service providers to provide professional services and administrative, analytical and clerical support and to comply with applicable law, regulations and professional standards. Entity also understands and agrees that KPMG aggregates Entity's confidential information, but not personal information, with information from other sources for the purpose of improving quality and service, and for use in presentations to clients and non-clients, in a form where such information is sufficiently de-identified so as not to be attributable to Entity. KPMG represents to the Entity that each KPMG International member firm and third party service provider providing services hereunder has agreed or shall agree to conditions of confidentiality with respect to the Entity's confidential information. Further, KPMG is responsible to the Entity for causing such third party service providers to comply with such conditions of confidentiality, and KPMG shall be responsible to the Entity for their failure to comply and failure of each KPMG International member firm providing services hereunder to comply with its obligations of confidentiality owed to KPMG. Any services performed by third party service providers shall be performed in accordance with the terms of this Engagement Letter, but KPMG shall remain responsible to the Entity for the performance of such services and services performed by each KPMG International member firm providing services hereunder. Such confidential information, but not personal information, may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is processed or stored, which laws may not provide the same level of protection for such confidential information as will Canadian laws.

KPMG will collect, use and store all personal information in Canada, and may disclose such personal information to KPMG International, other KPMG member firms or third party service providers to the extent required for quality performance reviews or to provide services in connection with the engagement, provided that any such entity will only access the personal information within Canada. For greater certainty, KPMG will not disclose personal information to any person or entity outside Canada except where required by applicable law, regulation or professional standards, or where prior written consent is obtained from the Entity.

**9. TAXES/BILLING/EXPENSES/FEES.**

**a.** All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by Client without deduction from the fees and charges hereunder.

**b.** Bills will be rendered on a regular basis as the engagement progresses. Our professional fees are also subject to a technology and support charge to cover information technology infrastructure costs and administrative support of our client service personnel which are not included in our client service personnel fee. The technology and support fee covers costs such as our client service personnel computer hardware and customized KPMG software, telecommunications equipment, client service professional administrative support, IT programming, professional services and other client support services. Other direct out-of-pocket costs, such as travel, will be charged separately based on our actual costs. For certainty, Client acknowledges that to the extent a subsidiary, affiliate or related party of KPMG is engaged by KPMG to assist KPMG in providing the services hereunder, Client may receive bills from such subsidiary, affiliate or related party of KPMG for such services. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice.

**c.** Without limiting its rights or remedies, KPMG shall have the right to halt or terminate entirely its services until payment is received on past due invoices.

**d.** In the event that the engagement is terminated and Client proceeds to complete the transaction or financing within 18 months from the termination date, then the full amount of any Completion Fee shall be payable on closing of the transaction or the completion of financing, regardless of whether KPMG provided further service.

**10. LIMITATION ON WARRANTIES.**

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

**11. LIMITATION ON LIABILITY.**

**a.** Client agrees that KPMG shall not be liable to Client for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Claims") in any way arising out of or relating to the services performed hereunder for an aggregate amount in excess of the fees paid by Client to KPMG under the engagement. On a multi-phase engagement, KPMG's liability shall be based on the amount actually paid to KPMG for the particular phase that gives rise to the liability.

**b.** In the event of a Claim by any third party against KPMG that arises out of or relates to the services performed hereunder, Client will indemnify and hold harmless KPMG from all such Claims, including, without limitation, reasonable legal fees, except to the extent finally determined to have resulted from the intentional, deliberate or fraudulent misconduct of KPMG.

**c.** In no event shall KPMG be liable for consequential, special, indirect, incidental, punitive or exemplary damages, liabilities, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). In any Claim arising out of the engagement, Client agrees that KPMG's liability will be several and not joint and several. Client may only claim payment from KPMG of KPMG's proportionate share of the total liability based on degree of fault.

**d.** For purposes of this Section 11, the term KPMG shall include its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section 11 shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

**12. LEGAL PROCEEDINGS.**

**a.** Client agrees to notify KPMG promptly of any request received by Client from any court or applicable regulatory authority with respect to the



## TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

b. If KPMG is required by law, pursuant to government regulation, subpoena or other legal process to produce documents or personnel as witnesses arising out of the engagement and KPMG is not a party to such proceedings, Client shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance.

c. If Client requests that KPMG produce documents or personnel as witnesses in any proceedings in any way related to the engagement or services provided by KPMG hereunder and KPMG is not a party to such proceedings, KPMG may agree to produce documents or personnel as witnesses on such terms and conditions as KPMG may, in its sole discretion, determine. Without limiting the generality of the foregoing, Client shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes, incurred in responding to such Client requests.

d. Client acknowledges that KPMG may from time to time receive requests or orders from professional, securities or other regulatory, judicial or governmental authorities (both in Canada and abroad) to provide them with information and copies of documents in KPMG's files including, without limitation, working papers and other work-product relating to Client, which information and documents may contain confidential information of Client. Except where prohibited by law, KPMG will advise Client of the request or order. Client hereby acknowledges that KPMG will provide these documents and information without further reference to, or authority from Client.

Client must mark any document over which it asserts privilege as "privileged". When such an authority requests access to KPMG's working papers and other work-product relating to Client's affairs, KPMG will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed KPMG at the time of delivery that the Client asserts privilege (by the Client marking such document as "privileged" as contemplated in the foregoing sentence). Notwithstanding the foregoing, where disclosure of documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of the Client is required for such disclosure, then Client hereby provides its consent.

Where privileged Client documents are disclosed by KPMG as contemplated above, KPMG is directed to advise the authority that Client is permitting disclosure only to the extent required by law and for the limited purpose of the authority's exercise of statutory authority. KPMG is directed to advise the authority that Client does not intend to waive privilege for any other purpose and that Client expects its documents to be held by the authority as privileged and confidential material. For greater certainty, Client and KPMG hereby agree that this acknowledgement (and, if required, consent) does not negate or constitute a waiver of privilege for any purpose and Client expressly relies upon the privilege protections afforded under statute and otherwise under law.

### 13. LIMITATION PERIOD.

No proceeding arising under or relating to the engagement, may be brought by either party more than one year after the cause of action has accrued or in any event not more than five years after completion of the engagement in the case of an advisory services engagement and not more than eight years after completion of the engagement in the case of a tax services engagement, except that a proceeding for non-payment may be brought by KPMG at any time following the date of the last payment due to KPMG hereunder. For purposes of this Section 13, the term KPMG shall include its subsidiaries and associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives.

### 14. TERMINATION.

Unless terminated sooner in accordance with its terms, the engagement shall terminate on the completion of KPMG's services hereunder, which completion shall be evidenced by the delivery by KPMG to Client of the final invoice in respect of the services performed hereunder. Should Client not

fulfill its obligations set out herein or in the Engagement Letter and in the absence of rectification by Client within 10 days, KPMG may, upon written notice, terminate its performance and will not be responsible for any loss, cost or expense resulting therefrom. If at any time during the engagement it is determined by KPMG, in its sole discretion, that there may be an actual or potential breach by KPMG of applicable professional standards, KPMG may terminate the engagement, without liability, immediately on notice to Client. The engagement may be terminated by either party at any time by giving written notice to the other party not less than 30 calendar days before the effective date of termination. Upon early termination of the engagement, Client shall be responsible for the payment to KPMG for KPMG's time and expenses incurred up to the termination date, as well as reasonable time and expenses to bring the engagement to a close in a prompt and orderly manner.

### 15. E-MAIL COMMUNICATION.

Client recognizes and accepts the risks associated with communicating by Internet e-mail, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless Client requests in writing that KPMG does not communicate by Internet e-mail, Client assumes all responsibility or liability in respect of the risk associated with its use.

### 16. POTENTIAL CONFLICTS OF INTEREST.

a. For purposes of this Section 16, "KPMG" means KPMG LLP and KPMG subsidiaries, affiliates and related parties providing services hereunder, if applicable. KPMG is engaged by a wide variety of entities and individuals, some of whom may be creditors, investors, borrowers, shareholders, competitors, suppliers or customers of Client, or other parties with conflicting legal and business interests to Client, including, without limitation, in relation to the audit, tax or advisory services provided to Client by KPMG. KPMG's engagements with such companies and individuals may result in a conflict with Client's interests.

b. As a condition of KPMG's engagement by Client, Client agrees that: (i) without further notice or disclosure, KPMG may accept or continue engagements on unrelated matters to KPMG's engagement for Client in which KPMG may act contrary to Client's interests even if those unrelated matters are materially and directly adverse to Client; and (ii) without further notice or disclosure, KPMG may provide advice or services to any other person or entity making a competing bid or proposal to that of Client whether or not KPMG is providing advice or services to Client in respect of Client's competing bid or proposal.

c. In accordance with professional standards, and except as set out below, KPMG will not use any confidential information regarding Client in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls. In no event shall KPMG be liable to Client or shall Client be entitled to a return of fees and disbursements incurred on behalf of Client or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement.

d. Client further agrees that KPMG may, in its sole discretion, disclose the fact or general nature of its engagement for Client to (i) KPMG International and other KPMG International member firms in order to check against potential conflicts of interest, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Client, in connection with the engagement or any future engagement.

e. Where another party has engaged KPMG to deliver services before Client has done so, and subsequently circumstances change such that there is a conflict, which in KPMG's sole opinion cannot be adequately managed through the use of confidentiality and other safeguards, KPMG shall be entitled to terminate the engagement for Client, without liability, immediately upon notice.

f. Other KPMG International member firms are engaged by many entities and individuals, including, without limitation, entities and individuals that may enter into transactions or may have disputes with Client or Client's related or affiliated entities. Client agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Client.





## TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

**g.** Client will indemnify and hold harmless KPMG, its subsidiaries and associated and affiliated entities, and their respective current and former partners, directors, officers, employees, agents and representatives from any Claim by any third party (including, without limitation, reasonable legal fees) that alleges that KPMG was in a conflict of interest by providing services hereunder. The provisions of this subsection 16(g) shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

**h.** KPMG encourages Client to obtain legal advice with respect to Client's rights in connection with potential future conflicts prior to entering into the engagement.

### **17. FORCE MAJEURE.**

Neither Client nor KPMG shall be liable for any delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labour dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

### **18. INDEPENDENT CONTRACTOR.**

It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

### **19. SURVIVAL.**

Sections 1, 4(b), 5-16, 18-30, 31(a) and (c)-(g), and 33-34 hereof shall survive the expiration or termination of the engagement.

### **20. SUCCESSORS AND ASSIGNS.**

These Terms and Conditions and the accompanying Proposal or Engagement Letter shall be binding upon the parties hereto and their respective subsidiaries and associated and affiliated entities and their respective partners, directors, officers and employees and successors and permitted assigns. Except as provided below, neither party may assign, transfer or delegate any of the rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Client. In addition, KPMG may arrange for or engage (as applicable) KPMG affiliates, subsidiaries, related parties, independent contractors and KPMG International member firms to assist KPMG in performing the services hereunder.

### **21. SEVERABILITY.**

The provisions of these Terms and Conditions and the accompanying Proposal or Engagement Letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, then the remainder of these Terms and Conditions and the attached Proposal or Engagement Letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.

### **22. ENTIRE AGREEMENT.**

These Terms and Conditions and the accompanying Proposal or Engagement Letter including, without limitation, Exhibits, constitute the entire agreement between KPMG and Client with respect to the engagement and supersede all other oral and written representation, understandings or agreements relating to the engagement.

### **23. GOVERNING LAW.**

These Terms and Conditions and the accompanying Proposal or Engagement Letter shall be subject to and governed by the laws of the province in which KPMG's principal Canadian office performing the engagement is located (without regard to such province's rules on conflicts of law).

### **24. PUBLICITY.**

Upon the closing of a transaction, KPMG will have the right (but shall not be obliged), at its expense, to publicize its association with the transaction by way of public announcement in "tombstone" or similar format, subject to prior review of the wording for any such announcement with Client.

### **25. KPMG INTERNATIONAL MEMBER FIRMS.**

In the case of multi-firm engagements, all KPMG International member firms performing services hereunder shall be entitled to the benefits of these Terms and Conditions. Client agrees that any Claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or such third party service providers referred to in Section 8 above.

### **26. [INTENTIONALLY DELETED].**

### **27. [INTENTIONALLY DELETED]**

### **28. SPECIFIC ACCOUNTING AND OTHER ADVICE.**

Except as set forth in the Engagement Letter, the engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and facts and circumstances of Client. Such services, if requested, would be provided pursuant to a separate engagement.

Client should consult with and/or engage legal counsel for the purpose of advising on legal aspects of matters on which KPMG provides its advice and drafting any legal documents and/or agreements that may be required. To the extent legal counsel or other professional service providers are required, Client is exclusively responsible for engaging and paying such service providers.

### **29. TAX SERVICES.**

**a.** If tax work is specifically requested by Client, KPMG will perform the procedures in accordance with this Section 29. KPMG will base its findings exclusively on the facts and assumptions provided to KPMG by Client and Client's personnel and advisors. KPMG will consider the applicable provisions of the relevant taxing statutes, the regulations thereunder, applicable tax treaties and judicial and administrative interpretations thereof. In the case of Canadian tax services only, KPMG will also take into account all specific proposals to amend such statutes, regulations and treaties publicly announced prior to the date of KPMG's reports, based on the assumption that these amendments will be enacted substantially as proposed. For certainty, in the case of US tax services, KPMG shall not take into account any specific proposals to amend such statutes, regulations and treaties. The authorities referred to in this subsection 29(a) are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of KPMG's findings and may result in incremental taxes, interest or penalties. KPMG's findings will not otherwise take into account or anticipate any changes in law or practice, by way of judicial, governmental or legislative action or interpretation. Unless Client specifically requests otherwise, KPMG will not update tax work to take any such changes into account.

**b.** KPMG will use professional judgment in providing advice, and will, unless Client instructs otherwise, take the position most favourable to Client whenever reasonable. All returns are subject to examination by tax authorities, and KPMG's advice may be audited and challenged by a tax authority. Client understands that KPMG's conclusions are not binding on tax authorities or the courts and should not be construed as a representation, warranty or guarantee that the tax authorities or courts will agree with KPMG's conclusion.

**c.** Client is also responsible for ensuring that KPMG's advice is implemented strictly in accordance with KPMG's recommendations. KPMG is not responsible for any penalties or interest assessed against Client as a result of a failure by Client to provide KPMG with accurate and complete information.

**d.** Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by the Canada Revenue Agency or other tax or revenue authorities.

### **30. [INTENTIONALLY DELETED]**

### **31. [INTENTIONALLY DELETED]**

### **32. LOBBYING**

Unless expressly stated in the Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Client agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to the Engagement Letter.

**33. LLP.**

KPMG LLP is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation. KPMG is a partnership, but its partners have a degree of limited liability. A partner is not personally liable for any debts, obligations or liabilities of the LLP that arise from a negligent act or omission by another partner or any person under that other partner's direct supervision or control. The legislation relating to limited liability partnerships does not, however, reduce or limit the liability of the firm. The firm's insurance exceeds the mandatory professional indemnity insurance requirements established by the relevant professional bodies. Subject to the other provisions hereof, all partners of the LLP remain personally liable for their own actions and/or actions of those they directly supervise or control.

**34. ALTERNATIVE DISPUTE RESOLUTION.**

The parties shall, and shall cause both their and their respective subsidiaries', affiliates' and associated entities' current and former officers, partners, directors, employees, agents and representatives, to first attempt to settle any dispute arising out of or relating to the Engagement Letter or the services provided hereunder (the "Dispute") through good faith negotiations in the spirit of mutual cooperation between representatives of each of the parties with authority to resolve the Dispute. In the event that the parties are unable to settle or resolve a Dispute through negotiation within 30 days of when one of the parties has notified the other party of the Dispute by delivering a notice of dispute, or such longer period as the parties may mutually agree upon, such Dispute shall, as promptly as is reasonably practicable, be subject to mediation pursuant to the National Mediation Rules of the ADR Institute of Canada, Inc. that are in force at the time the notice of dispute is delivered. Any Dispute remaining unresolved for more than 60 days following the parties first meeting with a mediator or such longer period as the parties may mutually agree upon shall, as promptly as is reasonably practicable, be resolved by arbitration pursuant to the Arbitration Rules of the ADR Institute of Canada, Inc. (the "Arbitration Rules") that are in force at the time the Dispute is subject to arbitration. For certainty, the parties hereby waive any right they may otherwise have to bring a court action in connection with a Dispute. The parties also waive any right they may otherwise have to bring or participate in a class, collective or representative proceeding in connection with a Dispute, whether in court or before an arbitrator. The arbitrator's decision shall be final, conclusive and binding upon the parties, and the parties shall have no right to appeal or seek judicial review of the arbitrator's decision. For certainty, the parties hereby waive any right of appeal which may otherwise be available under applicable legislation or under the Arbitration Rules. The place of mediation and arbitration shall be the city in Canada in which the principal KPMG office that performed the engagement is located. The language of the mediation and arbitration shall be English.

# Appendix 3: Current developments and audit trends

**Current Developments**, created by the KPMG Public Sector and Not-for-Profit Practice, summarizes regulatory and governance matters impacting public sector entities today, or expected to impact them over the next few years. We provide this information to help public sector entities understand upcoming changes and challenges they may face in their industry. Some of these developments may not impact the City directly, but we believe it is important for the Committee to understand what is happening in the sector.

## New auditing standard

| Standard                                                             | Overview                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Link                                              |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| <b>CAS 540 Auditing Accounting Estimates and Related Disclosures</b> | <p>The new standard is effective for the City's 2020 fiscal year-end.</p> <p>Expected impact on the audit:</p> <ul style="list-style-type: none"><li>- More emphasis on the need for exercising professional skepticism.</li><li>- More granular risk assessment to address each of the components in an estimate (method, data, assumptions).</li><li>- More granular audit response designed to specifically address each of the components in an estimate (method, data, assumptions).</li><li>- More focus on how we respond to levels of estimation uncertainty.</li><li>- More emphasis on auditing disclosures related to accounting estimates.</li><li>- More detailed written representations required from management.</li></ul> <p>We expect this new standard to impact our audit of the City's estimate for allowance for doubtful accounts, tangible capital asset estimated useful lives for amortization, and employee future benefits.</p> | <a href="#"><u>CPA Canada Client Briefing</u></a> |

# Appendix 3: Current developments and audit trends (continued)

## Public Sector Accounting Standards

| Standard                            | Summary and implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Impact of COVID-19</b>           | <ul style="list-style-type: none"><li>– In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Asset Retirement Obligations</b> | <ul style="list-style-type: none"><li>– The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19.</li><li>– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li><li>– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.</li><li>– As a result of the new standard, the public sector entity will have to:<ul style="list-style-type: none"><li>• consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li><li>• carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;</li><li>• begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li></ul></li></ul> |
| <b>Revenue</b>                      | <ul style="list-style-type: none"><li>– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.</li><li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li><li>– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li><li>– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

# Appendix 3: Current developments and audit trends (continued)

| Standard                                                      | Summary and implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial Instruments and Foreign Currency Translation</b> | <ul style="list-style-type: none"> <li>– The accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19.</li> <li>– Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.</li> <li>– Hedge accounting is not permitted.</li> <li>– A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.</li> <li>– In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 <i>Financial Instruments</i> which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 <i>Financial Instruments</i>. The exposure drafts will be released in summer 2020 with a 90-day comment period.</li> </ul> |
| <b>Employee Future Benefit Obligations</b>                    | <ul style="list-style-type: none"> <li>– PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan.</li> <li>– PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard.</li> <li>– Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

# Appendix 3: Current developments and audit trends (continued)

| Standard                                         | Summary and implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Public Private Partnerships (“P3”)</b>        | <ul style="list-style-type: none"> <li>– PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. PSAB is in the process of reviewing feedback provided by stakeholders on the exposure draft.</li> <li>– The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.</li> <li>– The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>– The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Concepts Underlying Financial Performance</b> | <ul style="list-style-type: none"> <li>– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>– PSAB is in the process of developing exposure drafts for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments.</li> <li>– PSAB is proposing a revised, ten-chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.</li> <li>– In addition, PSAB is proposing:               <ul style="list-style-type: none"> <li>• Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets.</li> <li>• Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>• Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>• Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities).</li> <li>• A new provision whereby an entity can use an amended budget in certain circumstances.</li> </ul> </li> <li>– Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.</li> </ul> |

# Appendix 3: Current developments and audit trends (continued)

| Standard                      | Summary and implications                                                                                                                                                                                                                                                                                                      |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>International Strategy</b> | – PSAB has reviewed all proposed options for its international strategy, and in accordance with its due process, approved the option to adapt International Public Sector Accounting Standards when developing future standards. PSAB noted that the decision will apply to all projects beginning on or after April 1, 2021. |
| <b>Purchased Intangibles</b>  | – PSAB has approved narrow-scope amendments to PS1000 <i>Financial Statement Concepts</i> , and PS1201 <i>Financial Statement Presentation</i> and issued new Public Sector Guideline 8, <i>Purchased Intangibles</i> to allow recognition in financial statements of intangibles purchased through an exchange transaction.  |

# Appendix 3: Current developments and audit trends (continued)

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace - both from an audit and industry perspective - indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

## Thought leadership

| Thought leadership                                         | Overview                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Link                           |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>2019 Audit Quality and Transparency Report</b>          | Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?                                                                                                               | <a href="#">Link to report</a> |
| <b>Put your data to work to gain competitive advantage</b> | There is no "digital economy". The economy is digital, and "digits" refer to data. Data is the lifeblood of every organization on this planet and organizations that embrace this notion are well positioned to grow as industries continue to evolve and disrupt at an ever-increasing pace.                                                                                                                                                                           | <a href="#">Link to report</a> |
| <b>Predictive analytics, it works</b>                      | CEOs recognize the value that predictive analytics delivers to their decision-making process.                                                                                                                                                                                                                                                                                                                                                                           | <a href="#">Link to report</a> |
| <b>Creating the workforce of the future</b>                | You can't transform the organization without also transforming the workforce. It may be time to rethink the people strategy.                                                                                                                                                                                                                                                                                                                                            | <a href="#">Link to report</a> |
| <b>Accelerate</b>                                          | Introducing the new 2019/2020 Accelerate report, a KPMG report and video series offering insight into the key issues driving the Committee agenda, including: <ul style="list-style-type: none"> <li>– Digital disruption of the finance function</li> <li>– Digital business brings increased cyber risk</li> <li>– Taking the lead on data privacy</li> <li>– Boards bracing for climate change</li> <li>– Future-proofing your enterprise risk management</li> </ul> | <a href="#">Link to report</a> |
| <b>Board Leadership Centre</b>                             | KPMG provides leading insights to help Board members maximize boardroom opportunities.                                                                                                                                                                                                                                                                                                                                                                                  | <a href="#">Link to site</a>   |



# Appendix 3: Current developments and audit trends (continued)

## COVID-19 pandemic resources

| Resources                                                   | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Links                                                                    |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>Resources for management, Council, and the Committee</b> | <p>Please visit our COVID-19 website for resources regarding the topics below. This site is being <u>updated daily</u> based on information being released by federal, provincial and municipal news releases.</p> <ul style="list-style-type: none"><li>– Business continuity guide</li><li>– Immediate actions to take</li><li>– Medium to long-term actions</li><li>– Tax considerations and a summary of federal and provincial programs</li><li>– Legal considerations</li><li>– Financial reporting and audit considerations</li><li>– Global perspectives</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><a href="#">COVID-19 Alerts (Live Link)</a></p>                       |
| <b>Return to the workplace</b>                              | <p>As all levels of government begin to take steps toward re-opening the country and restarting our economy, planning for the return to a physical workplace is quickly becoming a top priority for many organizations. With the guidelines for the pandemic continuing to evolve daily, there are many considerations, stages and factors employers need to assess in order to properly develop a robust action plan which can ensure the health and safety of their workforce.</p> <p>We have put together a Return to the Workplace guide to support an organization's planning efforts in preparing to return to physical workplace. Our guide includes a list of considerations, stages and factors that can help establish a robust action plan for your organization to safely return to work. The guide is supported by a dynamic playbook, which our team has developed to outline a comprehensive list of actions an organization can take, based on their unique situation and immediate needs.</p> | <p><a href="#">Website link</a></p> <p><a href="#">Link to guide</a></p> |

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