

2013-114

MEMORANDUM

TO: Mayor and Council
FROM: Municipal Treasurer
DATE: April 18, 2013
RE: Presentation of 2012 Financial Statements

BACKGROUND:

The draft 2012 financial statements for the District are attached as Appendix A and will be presented by a representative of KPMG, our auditors, who will be available for questions.

DISCUSSION:

The financial statements are in draft format. They have been prepared in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). These standards affect the recognition and timing of certain transactions, and therefore some of the transactions appearing in the 2012 budget document will not appear in the financial statements, and vice versa.

The reason for the statements being in draft form is that Canadian Auditing Standards, which recently came into effect, require that those with the recognized authority must have asserted that they have taken responsibility for the financial statements. The Ministry of Community, Sport and Cultural Development have determined that for municipalities this standard should be interpreted as dictating that the date of the auditor's report must be no earlier than the date of approval of the financial statements, in final form, by the council of the local government. Similarly, the statement regarding Management's Responsibility for the financial statements cannot be signed and dated until after Council's approval.

OPTIONS:

Council has two options in how to deal with the 2012 financial statements: if Council is satisfied that the financial statements properly reflect the financial operations of the municipality, in accordance with PSAB, it can decide to approve them. Alternately, if Council is not satisfied with the financial statements, it can decide not to approve them.

FINANCIAL IMPACT:

None.

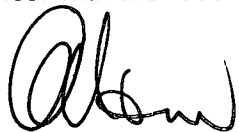
RECOMMENDATION:

I recommend that Council approves the 2012 financial statements as shown in Appendix A.



Patricia Walker

I concur with the recommendation of the Municipal Treasurer



Gary Nason
Chief Administrative Officer

2013-115

To: Mayor & Council
From: Director of Parks & Recreation
Subject: Request for Approval of Cardio Equipment Purchase
Date: April 22, 2013

BACKGROUND

The current three-year lease on the fitness cardiovascular training equipment at Oak Bay Recreation Centre and Henderson Recreation Centre expires in July 2013. Recently a Request for Quotation process was initiated to solicit quotes for the equipment to be replaced. Staff are now prepared to recommend a preferred supplier, and are requesting Council approval to move forward with the lease-purchase of the new equipment.

DISCUSSION

This equipment is leased through the Municipal Finance Authority. Lease payments have been included in the 2013 Parks & Recreation operating budget. This budget was developed based on a purchase price of \$150,000 for all equipment. Seven quotes were received, as shown below. Prices include PST and the trade-in value of the current equipment.

- 1. Life Style Equipment (Star Trac, Monarch, Nu Step & Jacobs Ladder) - \$176,204
(rowers have been added in - not included in quote)
- 2. STAK Fitness (Precor, Concept 2, Schwinn & Monarch) - \$185,281
- 3. Metagenics (True & Concept 2) - \$199,476
- 4. Aloyd Fitness (Octane, SportsArt, Concept 2 & SciFit) - \$219,393
- 5. Fitness Town Commercial (Cybex, Keiser, Concept 2, Octane & Matrix) - \$221,718
- 6. Technogym (Technogym) (rowers added - not included in quote) - \$252,725
- 7. National Fitness (4Front, Octane, SciFit, ISO, Concept 2 & Reebok) - \$302,617

As all quotations exceeded the \$150,000 budget, staff have reviewed the quotations and the condition of the current equipment. The list of equipment to be replaced has been reduced by 3 treadmills, 3 upright bikes and 2 rowers at Henderson as well as 5 rowers at Oak Bay. Further, staff plan to include replacement of the upper body ergometers with the strength equipment replacement, as that lease expires in 2014. The pieces noted were selected based on more limited use and better current condition, thus staff are confident that they will remain functional for the next three years.

The prices below reflect that changes made to bring the quotes within budget:

- 1. Life Style Equipment - \$142,946
- 2. **STAK Fitness** - **\$146,320**
- 3. Technogym - \$157,816
- 4. Metagenics - \$160,831
- 5. Fitness Town Commercial - \$175,976
- 6. Aloyd Fitness - \$203,747
- 7. National Fitness - \$216,234

Review of the Quotations:

1. *Life Style Equipment* – Star Trac equipment is not typically found in facilities with our volume of use, as it is considered “light commercial”. Staff are unsure how the equipment will hold up in our environment. No rowers were included in their submission. Warranty is 3 years on parts and labour.
2. *STAK Fitness* – Our past three cardio equipment purchases have included Precor equipment. The patron feedback is positive, service is good and the equipment has proven durable in our high-volume facilities. Precor equipment has always been highly regarded in the industry. Warranty is 3 years on parts and labour.
3. *Technogym* – This equipment is bulky with a larger footprint than the competitors. No rowers were included in their submission. Warranty is 3 years on parts and labour.
4. *Metagenics* – Patron feedback was mixed. We have had poor experiences with True equipment in the past. Warranty is 3 years on parts and labour.
5. *Fitness Town Commercial* – Cybex equipment is well made and references were positive. Warranty is 3 years on parts and labour.
6. *Aloyd Fitness* – SportsArt equipment tends to be located in smaller-volume locations, and staff are concerned that it may not hold up in our higher-volume environment. Warranty is 5 years on parts and 1 year on labour.
7. *National Fitness* – Warranty is 3 years on parts and 1 year on labour.

OPTIONS

1. Lease-purchase equipment from low bidder (Life Style Equipment). This option is not recommended given the concerns over the durability and performance of the equipment in our environment.
2. Lease-purchase equipment from second low bidder (STAK Fitness). This option is not recommended, as staff and patrons prefer an alternative spin bike (see option 3).
3. Lease-purchase the majority of the equipment from second low bidder (STAK Fitness). In addition, purchase two Keiser spin bikes from Fitness Town Commercial, as they are preferred to the Schwinn models proposed by STAK Fitness. This is the recommended option.
4. Do not approve replacement of the equipment. This option is not recommended. Given the volume of use, much of the current equipment will break down in the next three year cycle. This will necessitate expensive repairs, and will disrupt service to the public.

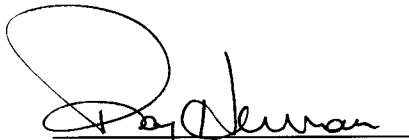
FINANCIAL IMPACT

Based on patron reviews of trial equipment, references, past experience and warranties staff recommend a lease-purchase with STAK Fitness. Their quote of \$146,320 includes a combination of Precor and Concept 2 equipment. Staff would also recommend purchasing two Keiser spin bikes from Fitness Town Commercial based on patron feedback. The bikes are the same price in both quotes (\$3,635), and the Keiser is preferable to STAK Fitness’ Schwinn models. The RFQ provides for this type of purchase. Overall this option provides the best combination of value, durability and a proven track record.

The current monthly lease payments through the Municipal Finance Authority are \$3,961 (\$47,532 annually). The new monthly lease payments over a three year period would be \$3,869 (\$46,428 annually), a reduction of \$92 per month and \$1,104 annually. The new equipment would arrive in July and the new payments would start at that time. Funding for the lease payments is included in the 2013 operating budget.

RECOMMENDATION

1. THAT Council approve the purchase of cardio equipment from STAK Fitness at a cost of \$142,685, and;
2. THAT Council approve the purchase of two spin bikes from Fitness Town Commercial at a cost of \$3,635.



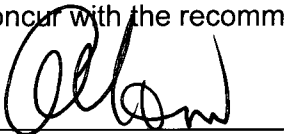
Ray Herran
Director of Parks & Recreation

The required funds are included in the current financial plan. I concur with the recommendation of the Director of Parks & Recreation.



Patricia Walker
Municipal Treasurer

I concur with the recommendations of the Director of Parks & Recreation.



Gary Nason
Chief Administrative Officer

MEMORANDUM

2013-118

TO: Mayor and Council
FROM: Director of Engineering Services
DATE: April 17, 2013
RE: Contract Awards for St. Patrick Storm-Drain Upgrade

BACKGROUND:

In the 2012 budget, funding in the amount of \$380,000 was approved to retrofit the existing St. Patrick pump station as well as to replace the deteriorated, undersized outfall.

DISCUSSION:

Due to a variety of conditions, including tide windows and environmental issues, the work was unable to be completed in 2012 and funding was carried over into 2013. The tendering for this work has now been completed by Kerr Wood Leidal (KWL) and their report is attached as Schedule "A". The two bids recommended by KWL for the outfall and pump replacement contracts would cost a total of \$253,620. The cost of engineering design and construction administration, as well as utility charges and a \$14,000 contingency fund would account for the remainder of the \$380,000 budget.

Council is requested to approve the contract awards, as recommended by KWL. Should these contracts be approved, all work on this project will be completed in 2013.

OPTIONS:

1. That it be recommended to Council that:
 - a. The outfall replacement contract for the St. Patrick Storm Pump Station Upgrade Project be awarded to Heavy Metal Marine as the low bidder, in the amount of \$95,040.00 (net GST).
 - b. The pump replacement contract for the St. Patrick Storm Pump Station Upgrade Project be awarded to Houle Electric as the low bidder, in the amount of \$158,579.95 (net GST).
2. That it be recommended to Council that the outfall and pump replacement contracts for the St. Patrick Storm Pump Station Upgrade Project be awarded to another bidder.

FINANCIAL IMPACT:

This is a 2012 capital project approved in the 2012 budget with funding coming from the Capital Works Reserve. It has no impact on the 2013 budget.

RECOMMENDATION(S):

That it be recommended to Council that:

3. The outfall replacement contract for the St. Patrick Storm Pump Station Upgrade Project be awarded to Heavy Metal Marine as the low bidder, in the amount of \$95,040.00 (net GST).
4. The pump replacement contract for the St. Patrick Storm Pump Station Upgrade Project be awarded to Houle Electric as the low bidder, in the amount of \$158,579.95 (net GST).

Respectfully Submitted,



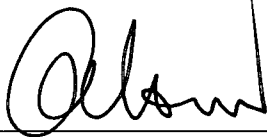
D. Marshall B.Sc., A.Sc.T.
Director of Engineering Services

The funds are included in the current Financial Plan. I concur with the recommendation of the Director of Engineering Services.



Patricia Walker
Municipal Treasurer

I concur with the recommendation of the Director of Engineering Services.



Gary Nason
Chief Administrative Officer