



THE CORPORATION OF THE CITY OF VERNON

A G E N D A

COMMITTEE OF THE WHOLE

CITY HALL COUNCIL CHAMBERS

MONDAY, January 7, 2019

AT 8:40 AM

*"To deliver effective
and efficient, local
government services
that benefit our
citizens, our
businesses, our
environment and our
future"*

AGENDA

1. CALL TO ORDER

A. THAT the Agenda for the January 7, 2019, Committee of the Whole meeting be adopted as presented.

2. ADOPTION OF MINUTES

MINUTES

A. THAT the minutes of the Committee of the Whole meeting of Council held December 10, 2018, be adopted. **(P. 2)**

3. BUSINESS ARISING FROM THE MINUTES

4. GENERAL MATTERS

5. UNFINISHED BUSINESS

6. NEW BUSINESS

FORTIS BC (FORMERLY BC GAS) LEASE-IN LEASE-OUT AGREEMENT (P. 4)

A. Debra Law, Director, Finance will provide a review of the Fortis BC (Formerly BC Gas) 'Lease in / Lease Out' Agreement.

THAT Council receive the memo titled "Fortis BC Gas (formerly BC Gas) Lease-In Lease-Out Agreement" from Debra Law, Director of Finance dated December 21, 2018.

7. LEGISLATIVE MATTERS

8. COUNCIL INFORMATION UPDATES

9. G.V.A.C. / R.D.N.O REGULAR MEETINGS

10. INFORMATION ITEMS

11. CLOSE OF MEETING

THE CORPORATION OF THE CITY OF VERNON

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING
HELD MONDAY, DECEMBER 10, 2018**

PRESENT: Mayor V. Cumming

Councillors: S. Anderson, A. Mund, K. Gares,
K. Fehr, B. Quiring (8:44 am), D. Nahal (8:45 am)

Staff: W. Pearce, CAO
P. Bridal, DCAO, Director, Corporate Services
S. Blakely, Manager, Legislative Services
N. Nilsen, Communications Officer & Grants Coordinator
S. Koenig, Director, Operations
K. Flick, Director, Community Infrastructure & Development
D. Law, Director, Financial Services
D. Ross, Director, Recreation Services
S. Knuhtsen, Manager, Building & Licencing
J. Rice, Manager, Public Works
C. Broderick, Manager, Current Planning
E. Stranks, Manager, Engineering Development Services*
A. Watson, Manager, Transportation*
G. Gaucher, Manager, Protective Services*
B. Bandy, Manager, Real Estate*

*Attended as required

CALL TO ORDER

Mayor Victor Cumming called the meeting to order at 8:43 am.

Councillor Quiring entered the meeting at 8:44 am.

AGENDA ADOPTION

Moved by Councillor Fehr, seconded by Councillor Gares:

THAT the Agenda for the December 10, 2018, Committee of the Whole meeting be adopted.

CARRIED.

**ADOPTION OF THE
MINUTES**

Moved by Councillor Mund, seconded by Councillor Fehr:

THAT the minutes of the Committee of the Whole meeting of Council held November 26, 2018, be adopted, as presented.

CARRIED.

Councillor Nahal entered the meeting at 8:45 am.

BUSINESS ARISING FROM THE MINUTES

GENERAL MATTERS

UNFINISHED BUSINESS

NEW BUSINESS

**GREATER VERNON
RECREATION FACILITIES
& PROGRAMMING
SERVICE AGREEMENT –
ORIENTATION**

Doug Ross, Director, Recreation led a workshop to review the Greater Vernon Recreation Facilities & Programming Service Agreement.

Moved by Councillor Quiring, seconded by Councillor Nahal:

THAT Council receive the memorandum titled Greater Vernon Recreation Facilities & Programming Service Agreement – Orientation, dated November 29, 2018 from Doug Ross, Director, Recreation Services and the related orientation provided December 10, 2018 for information purposes.

CARRIED.

LEGISLATIVE MATTERS

COUNCIL INFORMATION UPDATES

G.V.A.C./R.D.N.O. REGULAR MEETINGS

INFORMATION ITEMS

The sad passing of Pete Pasechniuk of S.J. Pasechnik and Son Ltd., who was a long time General Contractor in Vernon, was noted by Council.

CLOSE

Mayor Victor Cumming closed the meeting at 9:20 am.

CERTIFIED CORRECT:

Mayor:

Corporate Officer:



THE CORPORATION OF THE CITY OF VERNON

INTERNAL M E M O R A N D U M

TO: Will Pearce, CAO

FILE: 1660-20

DATE: December 21, 2018

FROM: Debra Law, Director of Finance

SUBJECT: Fortis BC (formerly BC Gas) Lease-In Lease-Out Agreement

In July 2002, the City of Vernon and BC Gas (now Fortis BC) entered into a "Lease-In Lease-Out" (LILO) Agreement" for the existing natural gas distribution system located within the City's boundaries. The reason for the agreement was twofold. BC Gas wanted to eliminate the City's option to purchase the natural gas distribution system within the existing Franchise agreement, plus the City was able to access debt servicing costs at a lower rate than BC Gas.

The LILO agreement included a prepaid Capital Lease by the City of the system from BC Gas for a term of 35 years. The City prepaid 95% of the lease totalling \$25,000,000. The resulting debt for the prepayment is due to be paid off in November 2019. Total annual debt payments decreased in 2013 from \$2,263,779 (Interest = \$1,350,650) to \$1,462,629 (Interest = \$514,500) due to an interest rate adjustment at that time. This resulted in a higher annual contribution to the Fortis BC Legacy Reserve. Fortis BC has the option to terminate this agreement on November 30, 2019, giving one month's notice to the City. If they do, then they will be required to pay back a portion of the prepayment in the amount of \$12,239,286. If this happens, Administration recommends these one-time funds be considered by Council for a visible legacy project.

There was also an Operating Lease agreement created for a 17-year term, from the City back to BC Gas, expiring November 30, 2019. BC Gas is contracted to operate the natural gas distribution system located in the City's boundaries. This has provided an ongoing revenue source to the City which is applied to the debt payment, with excess funds transferred to the Fortis BC Legacy Reserve. Currently this reserve has a projected 2019 balance of \$1,278,064 and is available to fund one-time projects. The City has used these funds in the past to pay for Fire apparatus and Parks improvements. If the Capital Lease continues after 2019, then this lease will need to be renewed. The City can start the renewal process at any time. If the Capital Lease agreement is terminated, then this agreement will end in November 2019.

RECOMMENDATION:

THAT Council receive the memo titled "Fortis BC Gas (formerly BC Gas) Lease-In Lease-Out Agreement" from Debra Law, Director of Finance dated December 21, 2018.

Respectfully submitted:

A handwritten signature in cursive script that reads "Debra Law".