



District of Port Hardy Annual Report 2013



Live

Work

Invest



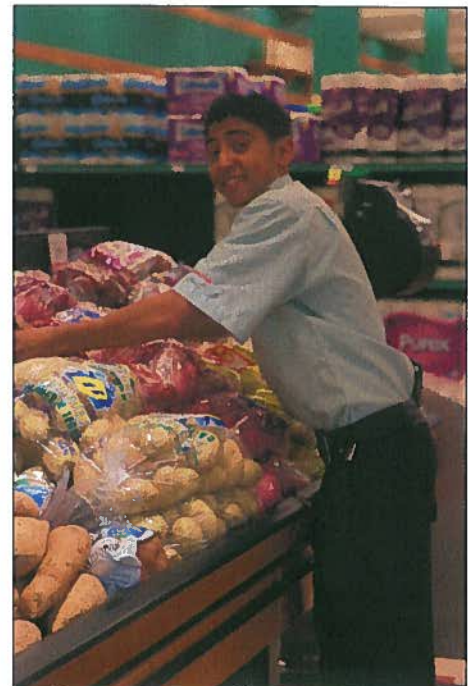


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Mayor Bev Parnham: May 2, 1952—May 21, 2014



Statement **by the Honourable John Duncan, PC, MP** *on the Passing of* *Bev Parnham*

It is with great shock and sadness that I mark the passing of Bev Parnham, the Mayor of Port Hardy.

Bev was a progressive thinker who always placed the interests of her greater community first. From the time we first met in 1992 to our most recent meeting only two weeks ago, she always impressed me as a person of drive, passion and great integrity. The fact that the causes and projects she pursued were always founded in doing the right thing for her community made her a great political partner.

Beyond losing a great ally and community advocate, many of us have also lost a good friend. It is a very personal loss for me, and serves as a reminder of how important it is to appreciate our family and our community, and to conduct our lives with honour, integrity and the spirit of service.

Bev was an outstanding British Columbian and a great Canadian. She will be greatly missed.

A Legacy of Service

During her tenure, Mayor Parnham and Council achieved many significant advances in economic development and sustainability, including:

- Introduction of a new Official Community Plan and Zoning Bylaw Review
- Assisted in attracting the first green energy initiative to Port Hardy with the construction of the Cape Scott Windfarm
- Increased access to healthcare and physicians for Port Hardy residents through her work on the Mt. Waddington Local Working Group and through the establishment of the new Medical Health Centre (currently under construction)
- Forged relationships with local service organizations and First Nations to increase collaboration with the District
- Lobbied against reductions in BC Ferries services
- Laid the groundwork for establishing a tri-community forest partnership with Port McNeill and Port Alice
- Worked with Council to attract new residents and businesses; the District was the only community in the Regional District of Mt. Waddington to grow in population (5% realized) as per the 2011 census
- Completed extensive harbour upgrades over the last seven years, making Port Hardy the busiest harbour for fish landings in all of BC and Small Craft Harbour's 2009 "Harbour of the Year"
- Worked tirelessly to position Port Hardy as a transportation hub for the North Island and Central Coast
- Helped Port Hardy to be recognized by the Province in 2012 as a Carbon Neutral Community
- Supported active communities through the addition of enhanced green spaces, commuter trails and bike paths
- Installed basic infrastructure such as newly paved roads, storm drainage and new lighting for Market Street and Carrot Park
- Established Economic Development, Community Consultation and Downtown Revitalization Committees





Standing: Councillor John Tidbury, Councillor Janet Dorward, Councillor Jessie Hemphill, Councillor Rick Marcotte. Sitting: Councillor Al Huddleston (deceased), Mayor Bev Parnham (deceased), Councillor Nikki Shaw. Not pictured: Councillor Deb Huddleston.

The Mayor and Council for the District of Port Hardy were elected for a three-year term in November of 2011. Each member of Council represents the District at large and is appointed to both Port Hardy and regional committees. Council is committed to ensuring that policies and decisions implemented are in the best interests of Port Hardy citizens.

Mayor Bev Parnham



Passed away, May 21, 2014



It was with great sadness that the District of Port Hardy announced the passing of Mayor Bev Parnham on May 22, 2014. Born and raised in Vancouver, Mayor Parnham completed high school in the Comox Valley before moving to Port Hardy in 1978.

As a long-time resident, Mayor Parnham was first elected to municipal Council in 1989. She served on many local, regional and provincial committees. Most notably, she helped to create a more sustainable economy and increased quality of life for residents through her work on the following committees:

- Regional District of Mt. Waddington Board of Directors (Chair)
- Regional Hospital Board
- Primary Healthcare Local Working Group (Chair)
- BC Ferries Northern Advisory Committee
- Island Coastal Economic Trust Board of Directors

Originally trained as a computer programmer, she worked for the family owned business before joining the team at School District #85 in 1992. During her tenure at the School District, she served in several capacities - most recently as an administrative assistant for the Maintenance and Transportation Department.

And while she loved her work for the community, Mayor Parnham's greatest joy and proudest moments were spending time with her three daughters, Kendra Parnham-Hall, Brittany Exner, and Leah Kos, and her six grandchildren, large extended family and many close friends.

Mayor Parnham put her enthusiasm, energy and ability to engage and encourage community participation to help shape and develop Port Hardy. She will be greatly missed by all who knew and loved her and by those of us who had the privilege of working with her at the District of Port Hardy.



Councillor Janet Dorward

Appointments

Internal Committees:

Executive Committee, Finance Committee, Economic Development Committee, Community Consultative Committee, Downtown Revitalization Committee (Chair)

External Committees:

Regional District of Mt. Waddington (Alternate), Regional Hospital Board (Alternate), Vancouver Island North Woodlands Advisory Group, Port Hardy Fire Department



Councillor Jessie Hemphill

Appointments

Internal Committees:

Executive Committee, Sustainability Committee (Chair), Finance Committee, Community Consultative Committee, Downtown Revitalization Committee, Awards Committee

External Committees:

Vancouver Island North Tourism, North Island Heritage Society / Museum

Council



Councillor Deb Huddleston

Appointments



Internal Committees:

Executive Committee, Sustainability Committee, Finance Committee, Operational Services Committee

External Committees:

Mt. Waddington Health Network (Housing / Addictions Services) (Steering Committee), Seniors Society



Councillor Rick Marcotte

Appointments

Internal Committees:

Executive Committee, Finance Committee, Downtown Revitalization Committee, Operational Services Committee, Community Consultative Committee, Awards Committee, Emergency Planning Committee

External Committees: Port Hardy Senior's Society



Councillor Nikki Shaw

Appointments

Internal Committees:

Executive Committee, Sustainability Committee, Finance Committee, Awards Committee

External Committees:

Vancouver Island Regional Library, Regional District of Mt. Waddington (Alternate), Regional Hospital Board (Alternate), Mt. Waddington Health Network (Housing/ Addictions), Port Hardy Twinning Society



Councillor John Tidbury

Appointments



Internal Committees:

Executive Committee, Sustainability Committee, Finance Committee, Economic Development Committee, Operational Services Committee, Emergency Planning Committee

External Committees:

Regional District of Mt. Waddington, Regional Hospital Board, Regional Emergency Management Planning Committee, Regional Transit



Councillor Al Huddlestan

Passed Away, March 26, 2013

Allan Sheridan Huddlestan

July 2, 1950-March 26, 2013

Al was an entrepreneur, community servant and politician for 29 years on the North Island. Most recently, Al was the Chair of the Regional District of Mt. Waddington and a town Councillor in Port Hardy. Known for his love of life, Al spread joy and fun wherever he went. He is sadly missed by his family and friends, and by his co-workers and fellow politicians at the District of Port Hardy and the Regional District of Mt. Waddington.

Message from the Chief Administrative Officer

It gives me great pleasure to present the District of Port Hardy Annual Report for 2013. The report provides financial information, a review of operations, updates on infrastructure projects, as well as progress reports on Council's goals and objectives for the year.

In 2013, we saw the completion of several significant infrastructure projects, including:

- Replacement of the boards system in the arena
- Completion of the Port Hardy Connectivity & Trail Enhancement project—paved commuter trails, added sidewalks and replaced essential foot bridges
- Final infrastructure upgrades to the Bear Cove Recreation Site
- A comprehensive review of our zoning bylaws
- Hiring a consultant on broadband to review our current connectivity challenges and offer potential solutions
- Completion of engineering for Downtown Revitalization and replaced lamp standards in the downtown core (Phase I)

We also:

- Effectively lobbied to improve access to healthcare for Port Hardy residents and to build a primary healthcare centre (currently under construction)
- Worked with government representatives, the Port Hardy & District Chamber of Commerce, and other community leaders whose communities are affected by BC Ferries service cuts; together, we lobbied for a full economic impact study and meaningful community consultation
- Received monies from our Tri-Community Forest which will primarily go toward recreation projects

In addition, the District formed several new oversight committees to involve residents more closely in the District's decision-making processes. Committees included the:

- Downtown Revitalization Committee
- Economic Development Committee
- Community Consultative Committee

These significant milestones were aligned with the strategic goals of Mayor and Council. They are focused on supporting projects and initiatives aimed at creating a business and family friendly community.

Message from the Chief Administrative Officer

This report would be remiss without recognizing the recent loss of Mayor Bev Parnham (May 2014) and long-time Councillor and former Mayor Al Huddlestan (March 2013). Under Mayor Parnham's leadership, Council was able to make significant strides in moving toward a more sustainable economy and livable community. Her tireless efforts have helped to create a new understanding—at all levels of government—of the challenges and opportunities faced by rural communities. This vision and dedication have made a difference in the lives of our citizens and will continue to inspire those who serve in local government.

In 2014, the District will continue to strive to find efficiencies which allow us to provide the best quality services possible to our citizens. We will reinvest in our community infrastructure to ensure a high standard of maintenance and upgrades where needed.

In closing, I would personally like to thank our Council, staff and the many volunteers in our community for their dedication and hard work to make Port Hardy a better place to live, work and play.

You can learn more about the District of Port Hardy by visiting our website at www.porthardy.ca. We always welcome input from our citizens on any facet of community interest. Please contact us at general@porthardy.ca or call 250-949-6665.

Rick Davidge
Chief Administrative Officer



The Leadership Team

Rick Davidge

Chief Administrative Officer

Jeff Long

Director of Corporate Services

Allison McCarrick

Director of Finance

Trevor Kushner

Director of Operational Services

Daniel Jones

Building Inspector & Bylaw Enforcement

Patti Smedley

Economic & Community Development Coordinator

Melinda Dennison

Aquatic Coordinator

David Pratt

Harbour Manager

Schell Nickerson

Fire Chief

Gord Brownridge

Staff Sergeant

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The head of the District's leadership team is the Chief Administrative Officer (CAO) who assists Council in the development of the annual Strategic Plan. This document serves as a guide for planning initiatives, infrastructure and maintenance projects for the coming year, as well as helps to determine the budget. Every team member lends their support to ensure the successful implementation of Council's goals and objectives.

The District also relies on its community partners for the important day-to-day tasks involved in keeping the community safe and vibrant. These partners include local service agencies, the Port Hardy Fire Department, the Vancouver Island Regional Library, the Port Hardy & District Chamber of Commerce, the Royal Canadian Mounted Police and the Port Hardy Museum.

"True leadership lies in guiding others to success. In ensuring that everyone is performing at their best, doing the work they are pledged to do and doing it well." — Bill Owens

Community Engagement

The District of Port Hardy uses both on-line and off-line tools to communicate with the community. In 2013, the District introduced a Recreation Survey in order to better understand the needs and interests of residents as it relates to recreational pursuits. Approximately 160 responses were received.

Throughout the year, the District works with the Port Hardy & District Chamber of Commerce to create business attraction and retention strategies.

The District's communication strategy for 2013 included:

- District Website: www.porthardy.ca
- Facebook pages: Port Hardy Recreation & the Don Cruickshank Memorial Arena
- Quarterly Newsletter: distributed with utility bills
- Regular Council Meetings
- Open Houses, as appropriate
- Local Media: The District regularly advertises items of interest to the general public through the *North Island Gazette* (local print media), through the Port 1240AM (local radio), and on community channels 6 and 10
- Community Events: The District hosts and supports several key community events, including the annual Canada Day, FILOMI Days, Halloween Fireworks and Santa Parade - to name a few
- Partnerships: In addition to the communication tools outlined above, the District also co-produces materials with a variety of community partners, including Tourism Port Hardy, The Port Hardy & District Chamber of Commerce, Vancouver Island North Tourism Association and Emergency Preparedness
- Email and Phone:
 - General Inquiries:** email - general@porthardy.ca or phone 250-949-6665, Monday through Friday, from 8:30 a.m.- 4:30 p.m.
 - Business Development Inquiries:** Contact CAO Rick Davidge, at rickd@porthardy.ca or phone 250-949-6665.



2013 / 2014 Strategic Focus



Mayor and Council represent the people of Port Hardy by implementing an extensive strategic planning process each year. This process identifies measurable goals to be achieved over the next 12 months and sometimes longer. 2013 / 2014 goals included:

- Support the development of a primary healthcare facility
- Revitalize the downtown core through accessibility and connectivity
- Complete zoning bylaw update
- Organize and promote broadband upgrades to ensure community sustainability and growth
- Promote tourism and develop investment opportunities
- Review service agreements with local First Nations
- Eliminate barriers for local sea foods to be harvested, processed and made available locally



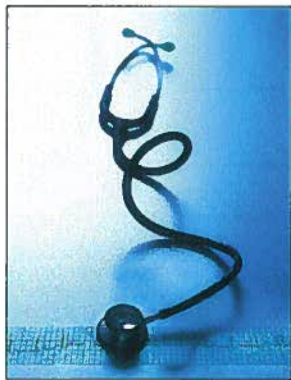
Accomplishments

Strategic Goal:

Support the development of a primary healthcare facility

Accomplishments:

- Worked locally and regionally to improve access to healthcare for North Island residents via the Healthcare Working Group
- Lobbied Vancouver Island Health Authority (VIHA) to establish a primary healthcare facility in Port Hardy
- Worked with local physicians, the Healthcare Working Group and Vancouver Island Health Authority (VIHA) to attract additional physicians and other healthcare specialists to Port Hardy



Accomplishments

Strategic Goal:

Revitalize the downtown core through accessibility and connectivity

Accomplishments:

Completed work on the Port Hardy Connectivity & Trail Enhancement project, which:

- Paved 1,028 linear metres of commuter trails, linking Port Hardy Secondary School and Eagleview Elementary School with key neighbourhoods and the Recreation Complex
- Paved 70 linear metres of trail in Stink Creek Park and added 168 linear metres of new trail
- Installed 171 metres of curb, gutter and sidewalk to create a safe and accessible walkway to Eagleview Elementary School
- Constructed two strategic foot bridges
- Completed engineering and planning to add new street lights to the downtown core
- Added additional curb cuts to enhance access for scooters to get on and off the sidewalk system

Dedicated the new commuter trail system to long-time Councillor and former Mayor Al Huddleston in a special ceremony on December 1, 2013.



Accomplishments

Strategic Goal:

Complete zoning bylaw update

Accomplishments:

- Completed final review of proposed zoning bylaw draft
- Updated District website to reflect change
- Fulfilled legal requirements for communicating changes to the public

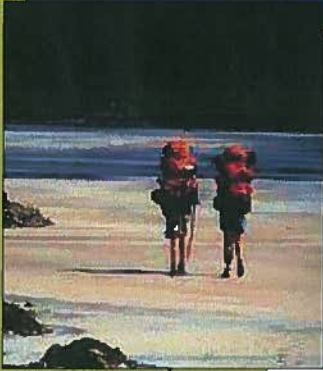
Strategic Goal:

Organize and promote broadband upgrades to ensure community sustainability and growth

Accomplishments:

- Completed research to identify possible best practice standards for improving access to high-speed internet in the community
- Identified expert to assist with planning phase and make recommendations on next steps
- Met with all local broadband providers and Telus to better understand current service levels
- Worked with contractor to develop Phase I plan for upgrading broadband in the community

Accomplishments



Strategic Goal:

Promote tourism and develop investment opportunities

Accomplishments:

- Purchased portable backdrop and developed marketing materials to promote Port Hardy
- Completed work on a Community Profile
- Created targeted marketing packages for distribution at government events, community forums and trade shows. Also used marketing packages for telephone and internet inquiries.
- Attended Real Estate Convention in Vancouver, to promote tourism, and distribute information on local real estate and investment opportunities; promoted opportunities on Chinese television
- Worked with Ministry of Jobs, Innovation and Tourism and the International Trade Representatives to promote Port Hardy locally, regionally, in the lower mainland and in China
- Worked with Tourism Port Hardy and the Port Hardy & District Chamber of Commerce to expand membership of Port Hardy Tourism Committee
- Collaborated with Port Hardy & District Chamber of Commerce to create “Seven Wonders of the North Island” promotional rack card; translated card into Chinese
- Held two “Business After Hours” forums to involve local business in identifying investment and sectoral opportunities for Port Hardy
- Currently working with the Chamber of Commerce to complete work on seven nature-oriented interpretive signs for Carrot Park



Looking Ahead

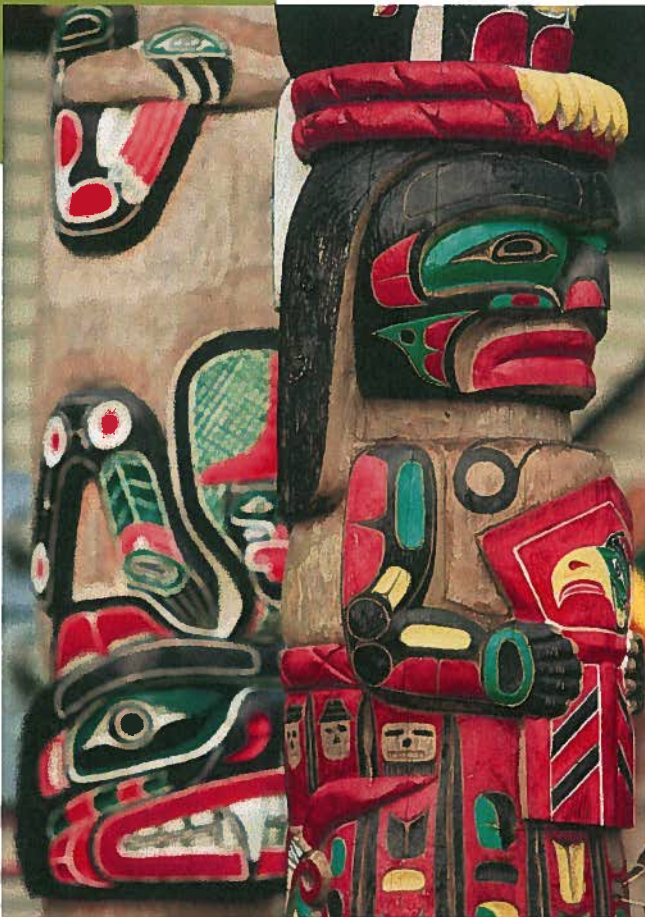
Strategic Goal:



Review service agreements with local First Nations

Accomplishments:

- In progress

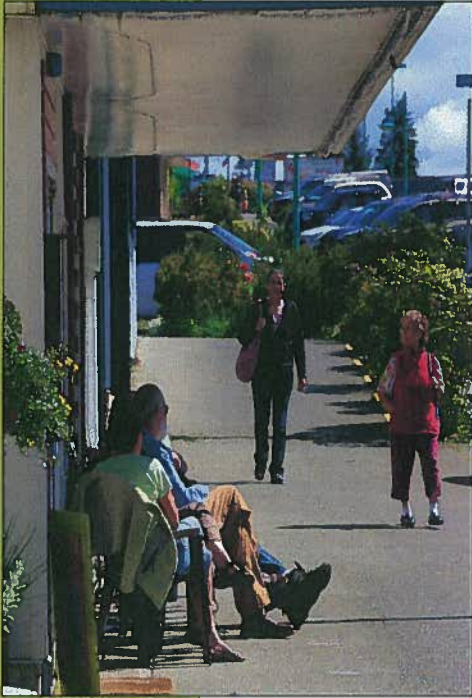


Strategic Goal:

Eliminate barriers for local sea foods to be harvested, processed and made available locally

This is a goal that Council will be pursuing in 2014 and beyond. It remains a priority to support local business while developing new avenues for product acquisition and sales. Extensive research and planning is needed to determine next steps and the best ways to achieve this goal.

Community Services



- Corporate Services
 - Emergency Preparedness
 - Animal Control
- Operational Services
- Recreation Complex
- Fire Department
- Harbour
- Twinning



Highlights

Administration

- Completed improvements to the Council Chambers. Installed electronic equipment for Council presentations, committee and staff meetings, and for communication and organizational initiatives during events requiring establishment of the Emergency Operations Centre
- Worked with consultant to provide bylaws, policies and other information related to the District's fire protection service in order to complete a Fire Service Review Study. Study results should be completed in early 2014.
- Provided administrative support in dealing with contracts and other matters related to the Provincially mandated recycling program through Multi-Material BC
- Completed agreement between the District and Gilford Island Band to provide Waterworks and Wastewater Facilities Operator and Personnel training
- Undertook process for filling the Emergency Coordinator position. Welcome Mike McCulley and thank you to Bob Hawkins for three years of service as EC!

Bylaws and Policies

- Worked on new Zoning Bylaw that will replace and update the existing 2006 Zoning Bylaw and implement the 2011 District of Port Hardy Official Community Plan
- Undertook an amendment to the Municipal Ticket Information Bylaw to allow ticketing enforcement associated with the Storm Drain Connection and Vacant Property Bylaws

Development, Bylaw Enforcement & Building Inspection Services

- Daniel Jones takes over as Municipal Inspector from retiree, Lukas Polacek. Welcome Daniel and happy retirement Lukas!
- Issued 66 building permits with a construction value of \$1,715,236
- Provided building inspection services to the Town of Port McNeill, the Regional District of Mount Waddington for Coal Harbour, and the Village of Port Alice
- Undertook implementation of bylaw enforcement and compliance measures with respect to five vacant properties in the District's downtown commercial core area

Corporate Services

| 2013 BUILDING AND DEMOLITION PERMITS | | |
|--------------------------------------|-------------------------------------|--------------------|
| Nature of Permit | Number of Permits | Construction Value |
| Residential | | |
| New dwelling units | 4 | \$435,000 |
| Additions / renovations | 47 | \$536,428 |
| Commercial / Industrial | | |
| New buildings | 0 | |
| Additions / renovations | 15 | \$743,808 |
| Institutional | | |
| New buildings | 0 ¹ | |
| Additions / renovations | 0 | |
| Demolitions | | |
| All types | 7 | Not applicable |
| TOTAL | 66 Building and 7 Demolition | \$1,715,236 |

¹ While not subject to a Building Permit due to its status as a Federal Government project, staff has been engaged in the development of the new Coast Guard facility and servicing requirements related to same.

Emergency Preparedness

The tsunami warning events in late 2012 and early 2013 prompted the District and its Emergency Preparedness Committee to try and better educate residents about tsunami awareness as follows:

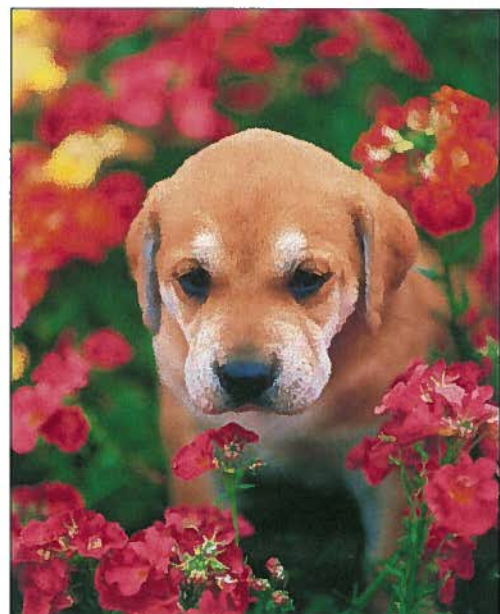
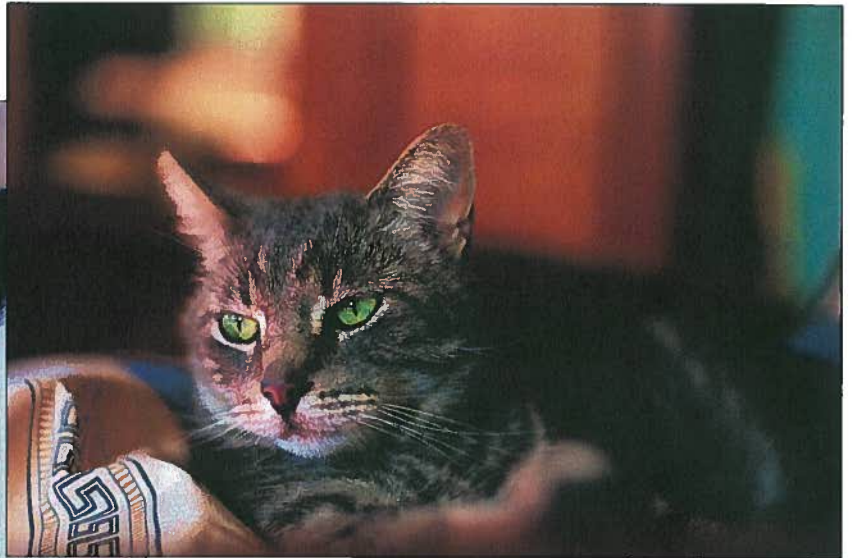
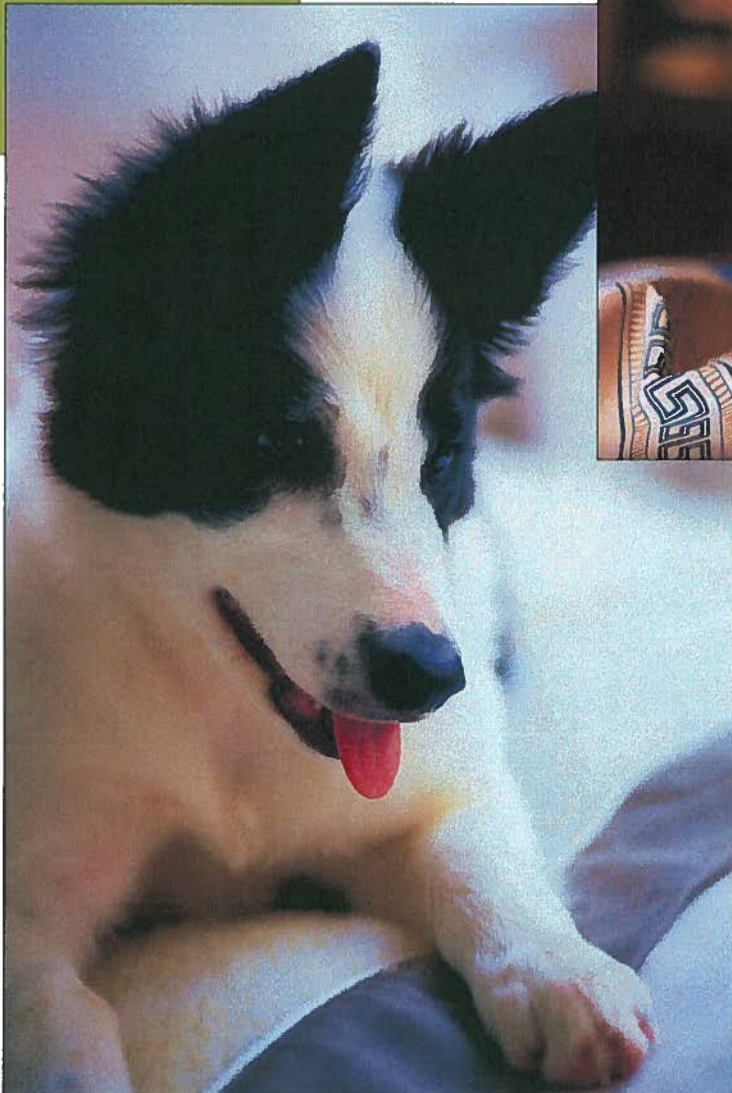
- Preparation of a tsunami preparedness brochure that was distributed door-to-door by the Port Hardy Fire Rescue Department;
- Preparation of a tsunami preparedness poster that was distributed to businesses through the Chamber of Commerce; and,
- Preparation of an emergency preparedness newsletter that was included in the April 2013 utility bill mail out.

The District has also prepared a notification protocol for activating the Emergency Operations Centre in the event of a tsunami warning or other emergency. The District's Emergency Coordinator and Emergency Planning Committee have initiated a review and update of the District's 2007 Emergency Plan to address the unique circumstances associated with tsunami warning events.

Animal Control

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The District provides animal care and control services with the assistance of a third party contractor, Aries Security. They operate the animal shelter at 5060 Pioneer Way and undertake enforcement activities governed by the District's Animal Care and Control Bylaw No. 11-2012. In 2013, a total of 121 dogs and cats were surrendered or impounded and 78 of these animals were adopted or transferred to other facilities for adoption. A total of 12 animal-related complaints were made to the District.



Operational Services

Highlights

2013 was a watershed year for Operations. A review of the Operational Services Department was undertaken to identify efficiencies and streamline core services. With the departure of EPCOR Utilities in mid 2013, the District assumed operation and maintenance of their Water and Waste Water Systems; EPCOR had been contracted to provide this service since the year 2000. The highly trained group of EPCOR operator employees subsequently joined the District's Public Works Department. The District's considerable utility infrastructure includes:

- Level 3 SBR (Sequential Batch Reactor) Wastewater Treatment Plant
- Level 2 Extended Aeration Plant
- Level 3 Dissolved Air Flotation (DAF) Plant

Water:

The town's raw water source is the Tsulquate river. The water from this river is tinted brown from tannins and other leachates. The Water Treatment Plant, commissioned in 2000, uses a Dissolved Air Flotation (DAF) system which is very effective in treating highly colored water. There are seven pressure reducing stations in the distribution system, as well as three reservoirs providing over 1.3 million USG of water storage.



Operational Services

Waste Water:

There are two major collection areas in the District of Port Hardy, each with a waste water treatment facility. The Airport Wastewater Treatment Plant (AWWTP), built in 1975, is located adjacent to the Transport Canada Airport and operates under permit ME-105299. There are three lift stations located in the AWWTP collection system.

The Tsulquate Wastewater Treatment Plant (TWWTP), originally built in 1972, services the majority of the population of Port Hardy, and has historically operated under permit PE-385. This Plant underwent a major upgrade to a SBR (Sequential Batch Reactor) process in 2007. There are eight lift stations located in the TWWTP collection system.

As well as utilities, Public Works is responsible for the maintenance of all District roads, parks, streetlights, traffic signs, and storm water systems.



The **“Water Treatment Plant and Distribution System 2013 Annual Operations Performance Report for Facility Numbers 529 & 155”** is located as Appendix I, starting on page 41 of this document.

The **“Water Treatment Plant & Distribution System Annual Operations Report 2013, MOE Certification ME-00385 & PE-04168”** can be found in Appendix II, starting on page 42 of this document.

Recreation Complex

Don Cruickshank Memorial Arena

During 2013, the Don Cruickshank Memorial Arena hosted five minor hockey tournaments and the Port Hardy Wild Women's hockey tournament. Ice use by patrons and user groups stayed steady, totaling 1,049 hours, with an additional 21 hours of dry floor rentals in the off season. Public skates and special events hosted by the Recreation Department attracted 1,775 skaters, with 298 attending the holiday skates and stick times.

New Infrastructure

In the off season, we installed a new board system in the arena. Our staff removed the old board system and performed the preparation work necessary for installation of the new system. While the boards were out, we also took the opportunity to do any further maintenance or repair that would otherwise be difficult, if not impossible, with the board system in place. The new board system has a lightweight all-aluminum frame with 5' tempered glass surrounding the playing surface.



Recreation Complex

2013 Events

| | |
|---------------------------|--------------------------------|
| January 11 - 13: | Minor Hockey Peewee tournament |
| February 1 - 3: | Minor Hockey Bantam tournament |
| February 22 - 24: | Minor Hockey Midget tournament |
| March 17: | Ice out |
| July 1: | Canada Day |
| July 19 - 20: | N.I. Eagles FILOMI Days Dance |
| September 4: | Ice in for first skate |
| November 8 - 10: | Port Hardy Wild tournament |
| November 22 - 24: | Minor Hockey Atom tournament |
| November 29 – December 1: | Minor Hockey Novice tournament |
| December 23: | Started Christmas schedule |

Maintenance

Arena

- Completed general plumbing, and facility repair and maintenance

Pool

- Replaced pool pump assembly
- Performed general plumbing, and facility repair and maintenance



Recreation Complex

Aquatic Centre

In 2013, the Aquatic Centre continued to offer many popular programs, including after-school swimming classes, Bronze Cross, Bronze Medallion, Early Bird swims, Aquafit, ProD Day and special event swims.

In addition, the Aquatic Centre introduced the popular Tumble and Play Program for parents and their children. The Tumble and Play Program is designed for pre-schoolers and tots aged 0 - 5 years of age. It offers activities where children can build a solid background in motor coordination and balance through play. Under the careful supervision of our instructors, children have the opportunity to develop body awareness through running, climbing, jumping, throwing, crawling through and over obstacles, catching and rolling. Tumble and Play classes are held in the Civic Centre.

| <i>Year-end Totals</i> | # of people |
|---|---------------|
| Swim Type | TOTAL |
| Early Bird | 123 |
| Noon Lengths | 2,123 |
| Senior Swim Family Swim Day | 1,017 |
| Public Swim Day | 2,201 |
| Public Swim / Eves. | 4,082 |
| Family Swim / Eves. | 4,191 |
| Aquafit Day Combined with Aquafit Eves. / Aqua Yoga | 3,139 |
| Adult Lengths / Eves. | 714 |
| TOTAL | 17,590 |



Fire Department

Port Hardy Fire Rescue is made up of part-time Fire Chief Schell Nickerson and Deputy Chief Brent Borg, along with 28 volunteer members. In 2013, we had 12 members leave and 11 new members join our department. For those who have left us, we would like to thank Lieutenant Jeff Houle, and Senior Firefighter Bryan Bjarnason with 15 years of service.

Port Hardy Fire Rescue responded to 119 calls for service in 2013, which was up from 116 calls in 2012. The membership logged in 1,680 hours in responding to these calls.

| 2012 | | | 2013 | | |
|--------------|----------------------|-------------------|--------------|----------------------|-------------------|
| <i>Calls</i> | <i>Response Type</i> | <i>% of Total</i> | <i>Calls</i> | <i>Response Type</i> | <i>% of Total</i> |
| 38 | Fire Alarms | 33% | 36 | Fire Alarms | 24% |
| 34 | Fire | 29% | 29 | Fire | 30% |
| 18 | Assistance | 16% | 17 | Assistance | 14% |
| 11 | MVI | 9% | 12 | MVI | 8% |
| 5 | Investigation | 13% | 10 | Investigation | 6% |
| 4 | Public Service | | 8 | Public Service | 10% |
| 3 | Rescue | | 4 | Rescue | 8% |
| 2 | Mutual Aid | | 2 | Mutual Aid | |
| 1 | Haz-Mat | | 1 | Haz-Mat | |
| 116 | Total | 100% | 119 | Total | 100% |

Training has been the biggest focus for the Fire Department. Aside from our 48 scheduled training nights, we conducted many other special training events. We had guest speaker Dr. Kunz on "Job Related Cancers in Firefighters", SCBA Scott Field Maintenance, Emergency Mock Exercise at the Port Hardy Airport and Live Fire Training Weekend to name just a few.

Fire Department

Highlights

We assisted the District with the delivery of 2,000 Emergency Preparedness pamphlets. We also held our annual open house with a full mock kitchen where we were able to show how to put out fires on and around the stove.

We promoted the John Kaplan Magic Show to raise money for our Fire Prevention fund. Some of this fund helps with Fire Prevention supplies for school tours, Fire Chief for a day, Free Smoke Alarm Program and many other projects our department does for our community. The department took delivery of Command 16, a 2006 F250 4x4 pickup, which was donated by the Port Hardy Hospital Auxiliary Society. We had a high number of fires with a combined loss of over \$1.3 million.

I would like to thank all of our volunteer firefighters for the hard work and commitment they put into the fire service that protects our community.

Thank you all.

Fire Chief Schell Nickerson



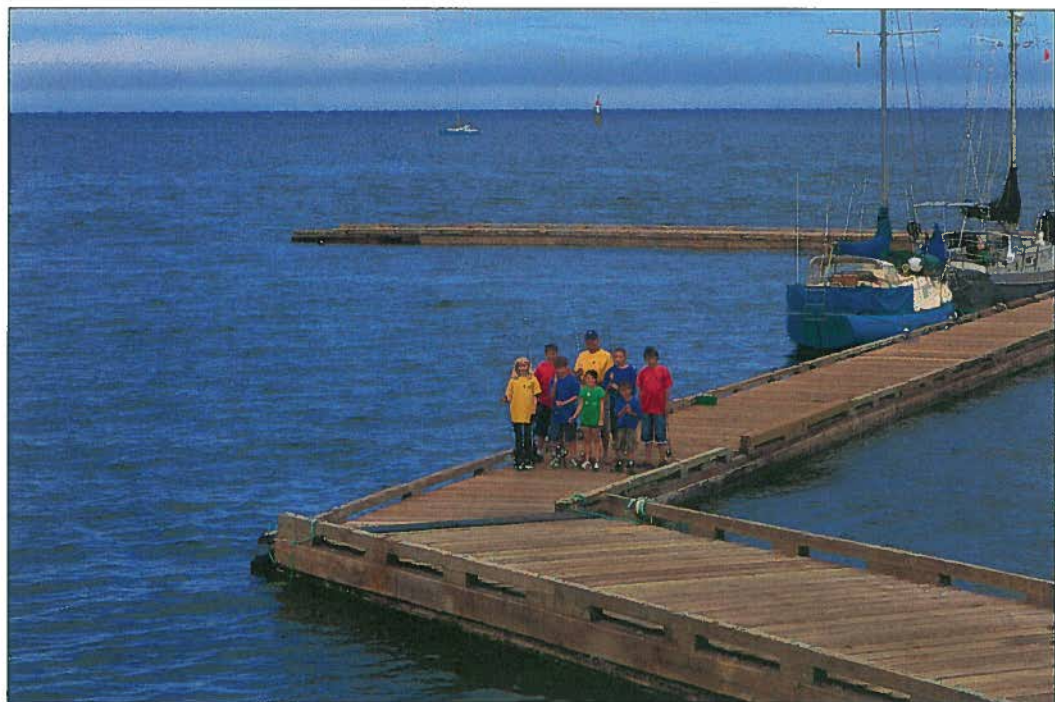
Harbour

Twenty Thirteen proved to be an eventful year at the Harbour. Recreational vessel traffic was down during the 2013 peak season (June through August), but overall vessel numbers and revenues were buoyed by fall commercial salmon openings which brought a significant increase in commercial fishing vessel traffic to the Harbour well into September 2013.

Events to remember included the fire and subsequent salvage of the Golden Dragon 1 by the Port Hardy Harbour Authority. During the salvage, over 4,000 litres of contaminated fuel and waste oil were pumped off of the vessel. Both the burned hull and contaminants were disposed of in an environmentally responsible manner. In addition to regular maintenance such as plank replacement and power washing and plumbing repairs, 2013 has seen its share of significant changes and improvements to harbour infrastructure. The following is a list of harbour improvements arranged by location, completed in 2013:

T-Floats

- The end T-Float has been modified to accept the Family Fishing Park off the shoreward end of the float.
- Re-decking of the seaward most float in 2"x12" cedar has been completed.
- New egress ladders were added to the floats.

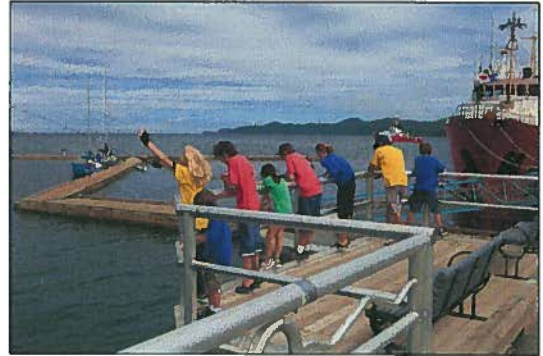


Seagate Pier

- Several repairs to pilings, whalers and bullrails were completed by Tuff Marine Products.

Seine Floats

- Small Craft Harbours completed a week-long engineering assessment and repairs to the anchoring system, including the addition of several new anchors to the system.



Fisherman's Wharf

- The main load-bearing beam at the end of Fisherman's Wharf was replaced, as well as several cross braces below the structure.
- New egress ladders were added to the floats.
- The winch at Fisherman's Wharf was re-built and re-installed.

Bear Cove

- Electrical Services were added at this site to facilitate the installation of a floating bait shack and coffee bar.
- Life-saving equipment such as egress ladders and fire extinguishers were added to the site.
- Final reporting for the project was completed and submitted.





PORT HARDY TWINNING SOCIETY

Port Hardy, BC - Numata, Hokkaido
Canada - Japan

To strive for the advancement of friendship between our community and Numata through the promotion of exchanges in the fields of economy, culture, education, and sports... in full and free cooperation with our sister city.



Under the guidance of Chair Patricia Corbett-Labatt, the Twinning Society enjoyed a very busy year in 2013. The Society worked hard throughout the year to prepare for the 20th Anniversary of Twinning in 2014.

Pat Corbett-Labatt and Heather Jones attended a March Council meeting and reviewed with Council the 2013 financial report of the Twinning Society. Council was advised that the Society is in good shape for 2013. Activities undertaken by the Society in 2013 were reviewed through a PowerPoint presentation and plans for 2014 were discussed. The delegates advised Council that September of 2014 is the 20-year anniversary of the signing of the Sister City / Twinning Agreement and the Society wants to work with the District to plan a 20-year celebration. Preliminary ideas include a delegation to/from each community, bringing a taiko drumming and ikebana display/workshop during FILOMI Days and a commemorative project to build a Torii Gate in the community. At the March 2014 meeting, Pat and Heather presented three possible locations for the Torii Gate that were approved by the Twinning Society. The Council said that Operational Services Director, Trevor Kushner, would go and look at the suggested locations with Rob Driemel. Pat also advised the Council that Numata will be sending their delegation in October which gives a little bit more time to get the Torii Gate constructed.



A Torii is a traditional Japanese gate most commonly found at the entrance of or within a Shinto shrine, where it symbolically marks the transition from the profane to the sacred.

FILOMI DAYS July 19-21, 2013

The theme of this year's FILOMI Days was *Power Up* to acknowledge the role the building of the Cape Scott Windfarm has played in our community. A half dozen Twinning Society members got together and built an Andon-style windmill, constructed in the traditional Numata way with bamboo strips with hand placed and painted rice paper on a rolling base. Our banner read *Powering Up to 2014 and 20 Years of Twinning*. This entry, created with the hard work of Society members over three work parties, won a First Place Ribbon! Yo Yah Sah!





PORT HARDY TWINNING SOCIETY

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Canada - Japan

To strive for the advancement of friendship between our community and Numata through the promotion of exchanges in the fields of economy, culture, education, and sports... in full and free cooperation with our sister city.



Delegation to Numata August 21-27, 2013

In August, an eight-member delegation headed to Numata to enjoy meeting new friends and take part in the Andon Festival. The one returning guest and seven new delegates enjoyed a great week in Numata. The host families and Numata Twining Society members took part in many activities during the week, including the two-day Andon Festival and day trips to areas around Numata.

September Mt. Waddington Regional Fall Fair

Due to a shortage of volunteer manpower the weekend of the Fall Fair, the Society was unable to enter a booth. In 2014, the 20th Anniversary year, there are plans for a large display, celebrating 20 years of twinning between Port Hardy and Numata.



Social Media

The colorful Port Hardy Twining Society Facebook page is visited regularly by Society members, Numata Mayor Kanehira and citizens of both Port Hardy and Numata. Society events, photos and activities are uploaded and updated regularly.

2014 Plans and 20-Year Anniversary Celebrations

- Locate a site to store and maintain the Andon
- Continue to maintain Twinning Garden
- Work with Mayor and Council on selecting a site for the construction of a Torii Gate as a 20-year anniversary memorial
- Work with Port Hardy Secondary School on a 2014 visit of students and adults in October and raise interest for students to go to Numata

Planning is complete for delegation visits to and from each community. Numata is hoping for a large delegation from Port Hardy that also includes previous visitors.

• • • • • • • • • •

Fiscal responsibility and financial sustainability are key goals of the District of Port Hardy's Finance Department.

These goals are achievable with informed decision making and clear direction between staff and Council. Maintaining and improving service levels for the citizens of Port Hardy are a focus for Council and it is the responsibility of the Finance Department to find a balance for funding these goals. Capital projects, including revitalization, infrastructure and business attraction are projects that Council is directing staff to work towards so that financial sustainability for the District is achieved. The Finance Department reports to Council the fiscal viability and constraints with regards to Capital projects so that Council is able to make informed decisions when deciding which projects will benefit the citizens of Port Hardy. Financial activities of the Finance Department include:

Financial Planning

Annual five-year financial plan, user rates and fees structure

Financial Reporting

Audited financial statements, municipal tax rates, statement of financial information submitted to the Provincial Government

Revenue Collection

Property tax collection, quarterly utility revenue, other revenue including user fees for services provided

Payments of Accounts

Payments to hundreds of suppliers annually

Other Activities

Internal auditing controls, payroll functions, invoicing, debt financing, business licences and other activities required to manage the District's financial requirements



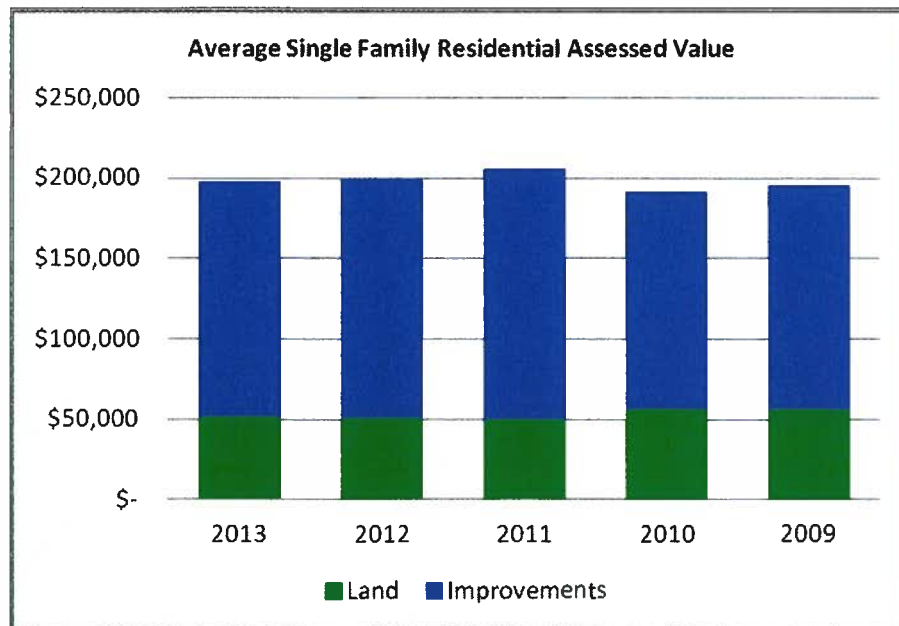
Taxable Property Assessments

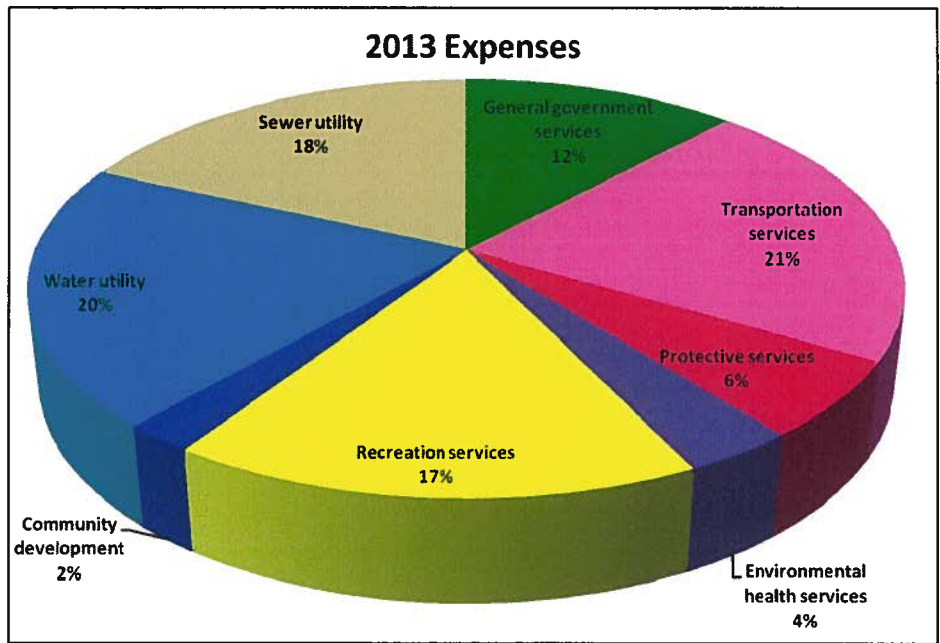
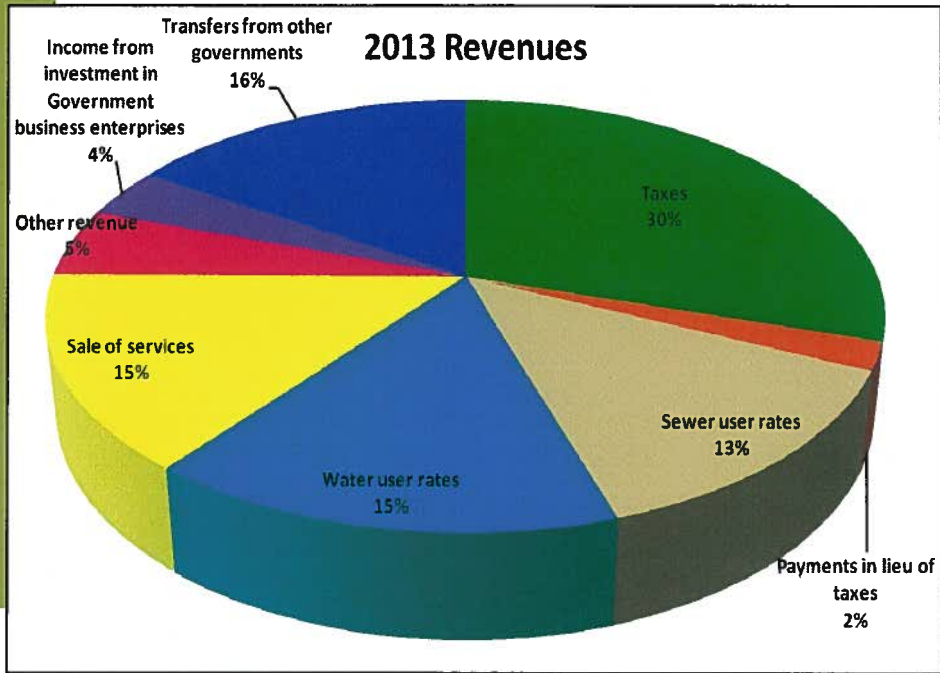
(in \$1,000's)

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Residential | \$ 256,225 | \$ 257,891 | \$ 256,961 | \$ 242,241 | \$ 226,487 |
| Utilities | 490 | 479 | 476 | 512 | 470 |
| Light Industry | 3,924 | 3,975 | 4,233 | 4,764 | 2,358 |
| Business | 58,169 | 56,840 | 57,242 | 57,948 | 54,994 |
| Managed Forest | 203 | 213 | 232 | 254 | 478 |
| Recreation/Non-Profit | 367 | 409 | 409 | 425 | 314 |
| Total | \$ 319,378 | \$ 319,807 | \$ 319,553 | \$ 306,145 | \$ 285,101 |
| % change from prior year | -0.13% | 0.08% | 4.38% | 7.38% | 0.96% |

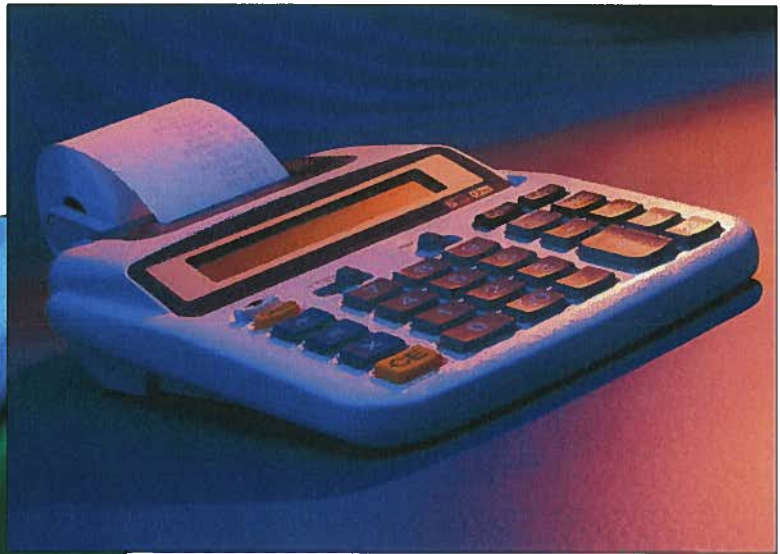
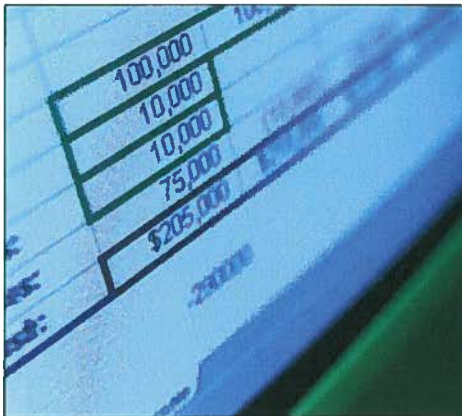
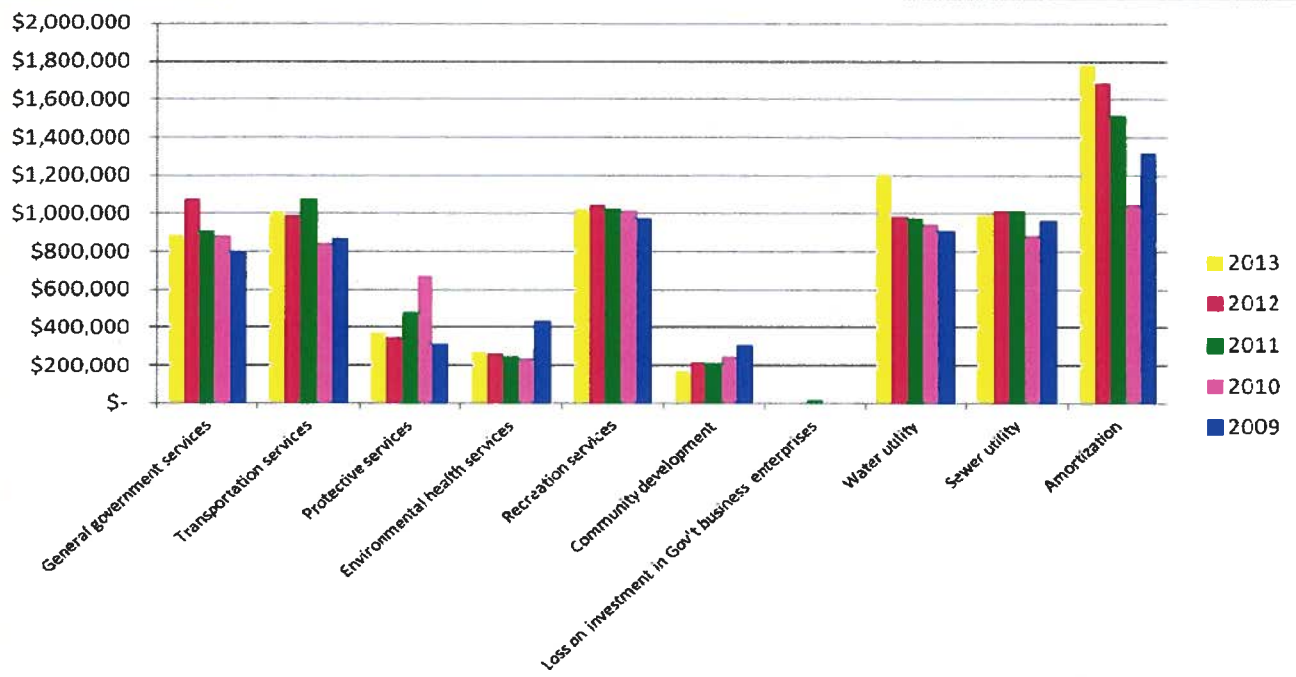
Average Single Family Residential Assessment

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Land | \$ 51,376 | \$ 50,599 | \$ 49,939 | \$ 56,710 | \$ 56,138 |
| Improvements | 146,224 | 149,001 | 155,592 | 134,499 | 138,985 |
| Total | \$ 197,600 | \$ 199,600 | \$ 205,531 | \$ 191,209 | \$ 195,123 |
| % change from prior year | -1.00% | -2.89% | 7.49% | -2.01% | 2.90% |





Finance



Finance

Schedule of Property Tax Permissive Exemptions December 31, 2013

● ● ● ● ● ● ● ● ● ●

| | |
|---|------------------|
| Fort Rupert Curling Club | \$6,681 |
| Grassroots Garden Society | 392 |
| North Island Crisis & Counseling Centre Society | 3,621 |
| Pentecostal Assemblies of Canada | 3,375 |
| Port Hardy Baptist Church | 1,146 |
| Port Hardy Chamber of Commerce | 3,804 |
| Port Hardy Congregation of Jehovah's Witnesses | 1,296 |
| Port Hardy Ecumenical Society | 2,095 |
| Port Hardy Heritage Society | 4,486 |
| Port Hardy Hospital Auxiliary | 2,472 |
| Rainbow Country Daycare Society | 2,031 |
| Royal Canadian Legion | 2,244 |
| Seventh-day Adventist Church | 24,563 |
| St. Bonaventure Catholic Church | 1,792 |
| Tri-Port Motorsport Association | 790 |
| Vancouver Island Health Authority | 53,047 |
| TOTAL | \$113,835 |

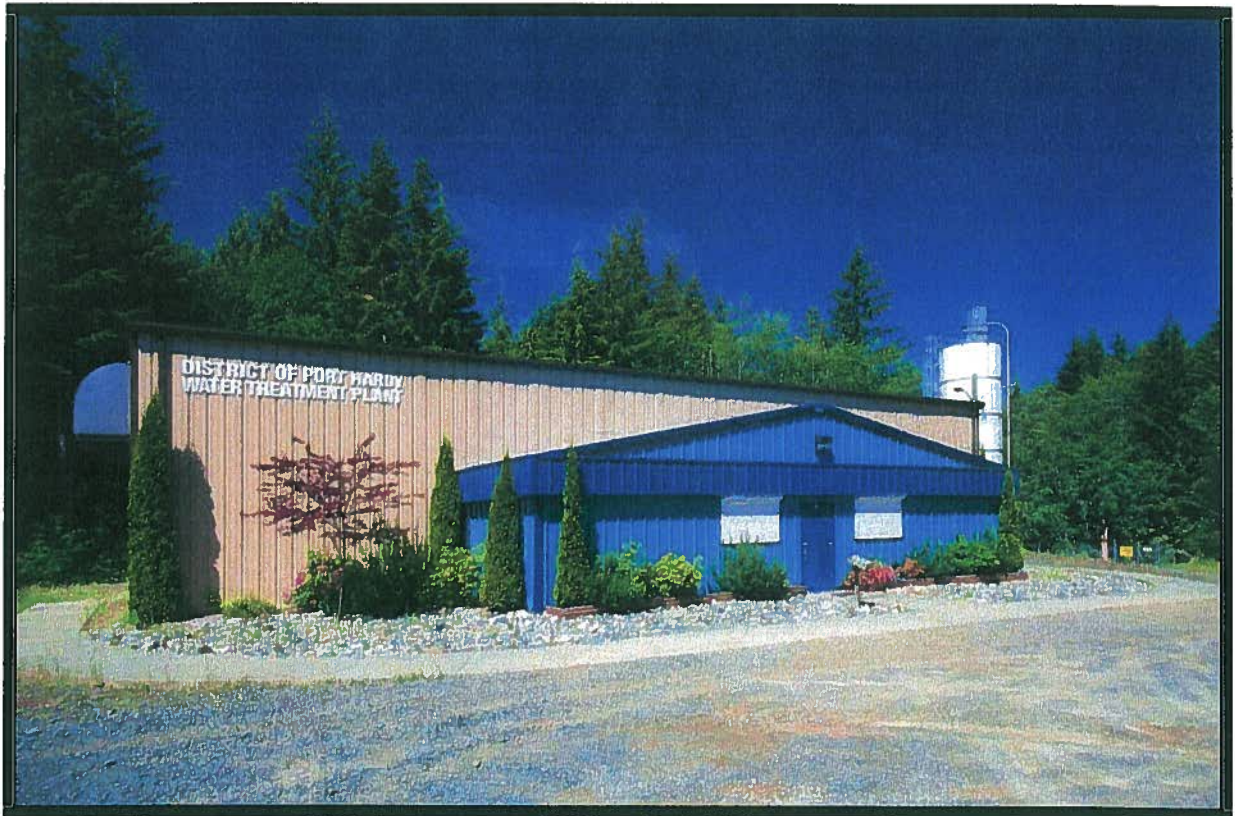
The District's Consolidated Financial Statements can be found in Appendix III, starting on page 43 of this document.

Appendix I





WATER TREATMENT PLANT & DISTRIBUTION SYSTEM



2013 Annual Operations Performance Report

Facility Numbers 529 & 155

**PORT HARDY
WATER SYSTEM
ANNUAL REPORT 2013**



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**PORT HARDY
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1. HIGHLIGHTS

Overview

Port Hardy, with a population of about 5,000 people, is located at the northern end of Vancouver Island. In May 2000 the new water treatment plant was commissioned and helped Port Hardy's reputation of poor water quality to one of the best in British Columbia.

Port Hardy's source water is the Tsulquate River. The water from this river is tinted brown from tannins and other leachates. Port Hardy's Water Treatment Plant uses a Dissolved Air Flotation (DAF) system which is very effective in treating highly colored water. Treatment is achieved using ISOPAC 6 and Soda Ash to remove the color, particles, sediment and organics that are present. A filter aid, Hydrofloc 400 is added in trace amounts after the DAF treatment and prior to the filters to improve coagulation of fine particles. Filtration is done through a mixed media consisting silica sand and anthracite. Lime slurry, carbon dioxide and sodium hypochlorite are injected post filtration for alkalinity, pH adjustment and disinfection.

In 2013, the plant continued to produce a very high level of treatment providing excellent water quality to the District of Port Hardy.

In October of 2013, all operational and maintenance duties of the water and wastewater systems were transferred back to the District of Port Hardy from EPCOR Water Services with all staff being retained.

Permit to Operate

The Port Hardy water treatment plant is a Level III facility as deemed by the Environmental Operators Certification Program (EOCP), certification number 529. The distribution system is a Level III system with a certification number of 155.

Certified Operators

The Operational Permit from Vancouver Island Health Authority Operational requires that a certified operator is employed to match the Water Treatment Plant Certification, a level III plant. EPCOR now has two WT Level III Operators on staff and one WT Level IV.

| Operator Certification | | |
|-------------------------------|------------------------------|-----------------------------------|
| Operator | Title | Certification |
| Dennis Dugas | Capitol Projects Coordinator | WT III, MWWT II, WD IV, WWC I, CH |
| Joe Jewell | Foreman | WT IV, MWWT II, WD II, CH |
| Sean Mercer | Foreman | WD III, CCT |
| Kenn Oliver | Operator | WT III, MWWT III, CH |
| Justin Reusch | Operator | WT II, WD I, MWWT II |
| Roland Le Fort | Operator | MWWT II WT I |
| Cory Henschke | Operator | MWWT I |

**PORT HARDY
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Operational Highlights

Water Treatment Plant

Throughout the course of 2013, there were times where due to heavy rains and high river colour events, that the water treatment process was upset. In these events, the plant is taken offline and no water is pumped to the reservoir. Water is only pumped to the reservoirs once the treatment plant's process quality is restored. This will result in lower than desired reservoir levels but quality will not be compromised.

In February and March, there was a higher than usual demand for chemicals to treat the water. This was due to the heavy road traffic through the watershed area. A combination of heavy precipitation and road run off depositing silt and sedimentation caused high turbidity in the source water.

In June, a high water pH was recorded in the reservoir effluent resulting in a violation to permit

**PORT HARDY
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Water Distribution System Highlights

In May, a water main was broken on Trustee Road near the North Island Mall. A positive pressure was kept through the main to prevent a cross contamination issue. Water service to the mall was affected during the repairs. The water main was flushed after the repair and samples were collected the following day.

In September, 14 services were repaired and replaced on Elk Drive. New plastic lines were installed in place of the existing copper lines to the property lines shutoffs. This has decreased the water demand.

Cross Connection Control

A formal Cross Connection Control program was presented to the District of Port Hardy in late 2010. This system was created by Maintenance Tracking Systems Inc (MTS). Currently, backflow preventers are installed in all treatment plants in areas that may be a possible risk. In 2008, all sewage liftstations with wash down hose bibs were upgraded with backflow preventers.

Water Wise Program Continuation

A total of 175 meters are being read including commercial users and multi-family dwellings. All new homes and constructions will be metered as part of this program. Continuing public education around proposed metering/rate changes and general information on water wise initiatives was conducted and will be ongoing until all users are metered.

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2. Raw Water Production and Quality

| Month | Raw Production | | Dam Height | Colour | Turbidity (NTU) | Conductivity $\mu\text{S/cm}$ | pH | Alkalinity (mg/L as) | Temperature ($^{\circ}\text{C}$) | Rain (mm) |
|-----------|----------------|-------------|------------|--------|-----------------|-------------------------------|-----|----------------------|------------------------------------|-----------|
| | (ML/day) | Total/Month | | | | | | | | |
| January | 5.4 | 145 | 0.48 | 90 | 1.3 | 19 | 6.5 | 5.2 | 3.1 | 100.6 |
| February | 4.6 | 129 | 0.45 | 86 | 2.0 | 19 | 6.5 | 4.2 | 3.8 | 170.6 |
| March | 4.7 | 145 | 0.38 | 76 | 1.5 | 20 | 6.6 | 4.4 | 4.3 | 91.4 |
| April | 4.6 | 139 | 0.33 | 80 | 1.3 | 21 | 6.6 | 5.0 | 7.3 | 111.0 |
| May | 4.8 | 149 | 0.25 | 77 | 0.7 | 21 | 6.8 | 5.60 | 11.0 | 53.8 |
| June | 4.8 | 143 | 0.23 | 80 | 1.1 | 22 | 6.9 | 6.00 | 13.9 | 35.0 |
| July | 5.6 | 172 | 0.17 | 0 | 0.2 | 0 | 0.2 | 6.47 | 0.2 | 0.6 |
| August | 5.5 | 171 | 0.18 | 53 | 1.0 | 27 | 7.0 | 6.50 | 15.4 | 70.6 |
| September | 4.9 | 147 | 0.29 | 73 | 1.3 | 25 | 6.9 | 6.50 | 13.4 | 165.0 |
| October | 4.6 | 143 | 0.30 | 85 | 0.6 | 23 | 6.8 | 6.20 | 9.0 | 72.8 |
| November | 4.2 | 127 | 0.32 | 89 | 0.7 | 24 | 6.7 | 5.50 | 6.1 | 110.4 |
| December | 4.3 | 135 | 0.43 | 93 | 0.9 | 21 | 6.6 | 5.00 | 3.9 | 194.4 |
| Average | 4.8 | 145 | 0.32 | 73 | 1.05 | 20 | 6.2 | 5.6 | 7.6 | 98.0 |
| Total | | 1743 | | | | | | | | 1176.2 |

All lab testing performed by plant operators.

Note: Values in this table are a monthly average with the exception of raw production totals.

3. TREATED WATER QUALITY

| Month | Clearewell Flow | pH | Turbidity (NTU) | Conductivity $\mu\text{S/cm}$ | Colour | Total Hardness (mg/L as) | Alkalinity (mg/L as) | Temperature ($^{\circ}\text{C}$) |
|-----------|-----------------|-----|-----------------|-------------------------------|--------|--------------------------|----------------------|------------------------------------|
| | Total/Month | | | | | | | |
| January | 135 | 7.5 | 0.10 | 121 | 0.6 | 30 | 32 | 3.3 |
| February | 126 | 7.6 | 0.10 | 131 | 0.6 | 33 | 35 | 8.1 |
| March | 137 | 7.5 | 0.09 | 121 | 0.8 | 31 | 36 | 5.0 |
| April | 135 | 7.7 | 0.09 | 121 | 0.7 | 26 | 26 | 8.1 |
| May | 138 | 0.9 | 0.10 | 110 | 7.7 | 28 | 28 | 11.6 |
| June | 138 | 7.7 | 0.10 | 106 | 1.0 | 27 | 23 | 13.9 |
| July | 161 | 7.7 | 0.08 | 82 | 1.0 | 22 | 22 | 15.5 |
| August | 159 | 7.5 | 0.10 | 89 | 1.0 | 21 | 20 | 16.2 |
| September | 144 | 7.5 | 0.09 | 113 | 0.9 | 24 | 25 | 14.0 |
| October | 135 | 7.6 | 0.10 | 102 | 4.5 | 21 | 22 | 9.8 |
| November | 122 | 7.8 | 0.11 | 108 | 1.0 | 23 | 22 | 6.7 |
| December | 128 | 7.7 | 0.10 | 103 | 1.0 | 22 | 22 | 4.4 |
| Average | 138 | 7.1 | 0.1 | 109 | 1.7 | 26 | 26 | 9.7 |
| Total | 1,660 | | | | | | | |

All lab testing performed by plant operators.

Note: Values in this table are a monthly average with the exception of treated production totals.

**PORT HARDY
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4. FILTERED WATER QUALITY

| Month | Filter #1 | | Filter #2 | | Filter #3 | | Filter #4 | | Combined Filter Effluent | |
|----------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|--------------------------|------------|
| | Turbidity (NTU) | | Turbidity (NTU) | | Turbidity (NTU) | | Turbidity (NTU) | | Particle Counts (#/mL) | |
| | Avg. | Max. | Avg. | Max. | Avg. | Max. | Avg. | Max. | Avg. | Max. |
| January | 0.04 | 0.29 | 0.04 | 0.19 | 0.03 | 0.25 | 0.03 | 0.19 | 10 | 750 |
| February | 0.02 | 0.08 | 0.04 | 0.13 | 0.04 | 0.09 | 0.03 | 0.11 | 12 | 749 |
| March | 0.04 | 0.10 | 0.04 | 0.11 | 0.03 | 0.09 | 0.03 | 0.11 | 21 | 750 |
| April | 0.05 | 0.11 | 0.03 | 0.08 | 0.03 | 0.08 | 0.04 | 0.11 | 24 | 749 |
| May | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 26 | 750 |
| June | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 10 | 750 |
| July | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 5 | 193 |
| August | 0.03 | 0.07 | 0.04 | 0.11 | 0.04 | 0.10 | 0.05 | 0.12 | 17 | 10 |
| September | 0.04 | 0.07 | 0.04 | 0.08 | 0.04 | 0.08 | 0.04 | 0.09 | 18 | 749 |
| October | 0.03 | 0.07 | 0.17 | 0.08 | 0.03 | 0.07 | 0.03 | 0.07 | 10 | 7 |
| November | 0.03 | 0.08 | 0.04 | 0.09 | 0.04 | 0.08 | 0.04 | 0.09 | 30 | 750 |
| December | 0.03 | 0.09 | 0.04 | 0.08 | 0.03 | 0.07 | 0.03 | 0.07 | 14 | 7 |
| Average | 0.04 | 0.09 | 0.05 | 0.09 | 0.04 | 0.09 | 0.04 | 0.09 | 18 | 518 |
| Minimum | 0.02 | 0.04 | 0.03 | 0.04 | 0.03 | 0.04 | 0.03 | 0.04 | 5 | 7 |
| Maximum | 0.06 | 0.29 | 0.17 | 0.19 | 0.06 | 0.25 | 0.06 | 0.19 | 30 | 750 |

The table displays the monthly averages and maximum monthly values.
Maximum particle count value stored by the system is 750.

5. CHLORINE, LOG REMOVAL & CCPP

| Day | Reservoir Influent | Reservoir Effluent | | Log Reduction of <i>Giardia</i> (Disinfection) | Log Reduction of <i>Giardia</i> (Total) | CCPP |
|----------------|-----------------------|--------------------|----------------|--|---|-------------|
| | Average Free Chlorine | Free Chlorine | Total Chlorine | | | |
| January | 1.4 | 1.0 | 1.0 | 2.2 | 4.7 | -6.6 |
| February | 1.5 | 1.0 | 1.0 | 2.3 | 4.8 | -5.4 |
| March | 1.4 | 0.9 | 1.0 | 2.3 | 4.8 | -6.1 |
| April | 1.4 | 0.9 | 0.9 | 2.6 | 5.1 | -5.5 |
| May | 1.5 | 0.9 | 1.0 | 3.2 | 5.7 | -4.4 |
| June | 1.6 | 1.0 | 1.0 | 3.8 | 6.3 | -4.2 |
| July | 1.7 | 1.0 | 1.1 | 4.1 | 6.6 | -5.2 |
| August | 1.7 | 1.0 | 1.0 | 4.5 | 7.0 | -6.2 |
| September | 1.7 | 0.9 | 1.0 | 4.0 | 6.5 | -6.0 |
| October | 1.7 | 0.9 | 1.0 | 3.0 | 5.5 | -5.4 |
| November | 1.7 | 1.0 | 1.0 | 2.7 | 5.2 | -4.3 |
| December | 1.7 | 1.0 | 1.0 | 2.4 | 4.9 | -4.6 |
| Average | 1.58 | 1.0 | 1.0 | 3.1 | 5.6 | -5.3 |

The table displays the monthly averages.
CCPP – Calcium Carbonate Precipitation Potential Lab tests performed by plant operators.

**PORT HARDY
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6. DISTRIBUTION WATER QUALITY AND BACTERIOLOGICAL RESULTS

| Chatham Avenue | | | | | |
|----------------|----------------------|-----------------|------------|-------------------------|-----------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E.Coli cfu/100m |
| 1/08/13 | 0.71 | 0.14 | 7.54 | <1 | <1 |
| 2/08/13 | 0.76 | 0.20 | 7.50 | <1 | <1 |
| 3/05/13 | 0.75 | 0.10 | 7.55 | <1 | <1 |
| 4/03/13 | 0.26 | 0.17 | 8.09 | <1 | <1 |
| 5/08/13 | 0.52 | 0.10 | 8.30 | <1 | <1 |
| 6/04/13 | 0.49 | 0.13 | 8.10 | <1 | <1 |
| 7/02/13 | 0.22 | 0.13 | 7.90 | <1 | <1 |
| 8/13/13 | 0.34 | 0.29 | 8.40 | <1 | <1 |
| 9/10/13 | 0.20 | 0.44 | 8.20 | <1 | <1 |
| 10/08/13 | 0.20 | 0.33 | 8.00 | <1 | <1 |
| 11/26/13 | 0.27 | 0.18 | 9.04 | <1 | <1 |
| 12/03/13 | 0.21 | 0.15 | 8.80 | <1 | <1 |
| Average | 0.41 | 0.20 | 8.1 | <1 | <1 |
| Minimum | 0.20 | 0.10 | 7.8 | <1 | <1 |
| Maximum | 0.76 | 0.44 | 9.0 | <1 | <1 |

| Jokerville | | | | | |
|----------------|----------------------|-----------------|------------|-------------------------|-----------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E.Coli cfu/100m |
| 1/08/13 | 0.49 | 0.33 | 7.45 | <1 | <1 |
| 2/08/13 | 0.83 | 0.17 | 7.32 | <1 | <1 |
| 3/19/13 | 0.57 | 0.14 | 7.52 | <1 | <1 |
| 4/03/13 | 0.50 | 0.11 | 7.60 | <1 | <1 |
| 5/14/13 | 0.41 | 0.13 | 7.66 | <1 | <1 |
| 6/11/13 | 0.44 | 0.19 | 7.80 | <1 | <1 |
| 7/17/13 | 0.41 | 0.21 | 7.70 | <1 | <1 |
| 8/20/13 | 0.29 | 0.30 | 7.10 | <1 | <1 |
| 9/17/13 | 0.20 | 0.30 | 7.40 | <1 | <1 |
| 10/16/13 | 0.14 | 0.34 | 7.84 | <1 | <1 |
| 11/05/13 | 0.26 | 0.14 | 8.00 | <1 | <1 |
| 12/03/13 | 0.33 | 0.15 | 7.70 | <1 | <1 |
| Average | 0.41 | 0.21 | 7.8 | <1 | <1 |
| Minimum | 0.14 | 0.11 | 7.1 | <1 | <1 |
| Maximum | 0.83 | 0.34 | 8.0 | <1 | <1 |

| Airport Inn | | | | | |
|----------------|----------------------|-----------------|------------|-------------------------|-----------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E.Coli cfu/100m |
| 1/15/13 | 0.69 | 0.22 | 7.85 | <1 | <1 |
| 2/12/13 | 0.48 | 0.15 | 7.91 | <1 | <1 |
| 3/19/13 | 0.67 | 0.32 | 7.80 | <1 | <1 |
| 4/09/13 | 0.56 | 0.15 | 7.87 | <1 | <1 |
| 5/22/13 | 0.56 | 0.16 | 7.83 | <1 | <1 |
| 6/17/13 | 0.65 | 0.13 | 7.80 | <1 | <1 |
| 7/17/13 | 0.50 | 0.19 | 7.50 | <1 | <1 |
| 8/20/13 | 0.37 | 0.59 | 7.90 | <1 | <1 |
| 9/17/13 | 0.60 | 0.15 | 7.60 | <1 | <1 |
| 10/08/13 | 0.32 | 0.34 | 7.56 | <1 | <1 |
| 11/12/13 | 0.59 | 0.18 | 8.15 | <1 | <1 |
| 12/11/13 | 0.51 | 0.89 | 8.10 | <1 | <1 |
| Average | 0.54 | 0.29 | 7.8 | <1 | <1 |
| Minimum | 0.32 | 0.13 | 7.5 | <1 | <1 |
| Maximum | 0.69 | 0.89 | 8.2 | <1 | <1 |

| Douglas Street PRV | | | | | |
|--------------------|----------------------|-----------------|------------|-------------------------|-----------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E.Coli cfu/100m |
| 1/15/13 | 0.90 | 0.13 | 7.49 | <1 | <1 |
| 2/19/13 | 0.94 | 0.21 | 7.95 | <1 | <1 |
| 3/19/13 | 0.84 | 0.13 | 7.66 | <1 | <1 |
| 4/09/13 | 0.76 | 0.10 | 7.84 | <1 | <1 |
| 5/14/13 | 0.69 | 0.12 | 7.61 | <1 | <1 |
| 6/11/13 | 0.61 | 0.52 | 7.90 | <1 | <1 |
| 7/17/13 | 0.84 | 0.10 | 7.60 | <1 | <1 |
| 8/07/13 | 0.76 | 0.34 | 7.40 | <1 | <1 |
| 9/10/13 | 0.80 | 0.21 | 7.50 | <1 | <1 |
| 10/08/13 | 0.67 | 0.14 | 7.84 | <1 | <1 |
| 11/12/13 | 0.88 | 0.23 | 7.67 | <1 | <1 |
| 12/03/13 | 0.79 | 0.15 | 7.70 | <1 | <1 |
| Average | 0.79 | 0.20 | 7.7 | <1 | <1 |
| Minimum | 0.61 | 0.10 | 7.4 | <1 | <1 |
| Maximum | 0.94 | 0.52 | 8.0 | <1 | <1 |

| Hospital | | | | | |
|----------------|----------------------|-----------------|------------|-------------------------|-----------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E.Coli cfu/100m |
| 1/15/13 | 0.85 | 0.20 | 7.62 | <1 | <1 |
| 2/19/13 | 0.83 | 0.17 | 7.70 | <1 | <1 |
| 3/05/13 | 0.76 | 0.19 | 7.55 | <1 | <1 |
| 4/09/13 | 0.57 | 0.14 | 7.76 | <1 | <1 |
| 5/08/13 | 0.60 | 0.12 | 7.84 | <1 | <1 |
| 6/17/13 | 0.74 | 0.13 | 8.40 | <1 | <1 |
| 7/17/13 | 0.69 | 0.11 | 7.62 | <1 | <1 |
| 08/20/13 | 0.47 | 0.19 | 7.80 | <1 | <1 |
| 9/03/13 | 0.40 | 0.21 | 7.60 | <1 | <1 |
| 10/08/13 | 0.53 | 0.14 | 7.72 | <1 | <1 |
| 11/05/13 | 0.64 | 0.14 | 8.00 | <1 | <1 |
| 12/11/13 | 0.72 | 0.14 | 7.70 | <1 | <1 |
| Average | 0.65 | 0.18 | 7.8 | <1 | <1 |
| Minimum | 0.40 | 0.11 | 7.6 | <1 | <1 |
| Maximum | 0.85 | 0.21 | 8.4 | <1 | <1 |

| Glentyon Inn | | | | | |
|----------------|----------------------|-----------------|------------|-------------------------|-----------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E.Coli cfu/100m |
| 1/08/13 | 0.78 | 0.13 | 7.38 | <1 | <1 |
| 2/19/13 | 0.82 | 0.13 | 7.44 | <1 | <1 |
| 3/12/13 | 0.56 | 0.11 | 7.48 | <1 | <1 |
| 4/16/13 | 0.71 | 0.13 | 7.71 | <1 | <1 |
| 5/22/13 | 0.69 | 0.13 | 7.83 | <1 | <1 |
| 6/17/13 | 0.62 | 0.16 | 7.90 | <1 | <1 |
| 7/17/13 | 0.72 | 0.26 | 7.60 | <1 | <1 |
| 8/13/13 | 0.66 | 0.16 | 7.40 | <1 | <1 |
| 9/17/13 | 0.60 | 0.09 | 7.60 | <1 | <1 |
| 10/16/13 | 0.64 | 0.46 | 7.42 | <1 | <1 |
| 11/26/13 | 0.67 | 0.13 | 7.73 | <1 | <1 |
| 12/11/13 | 0.58 | 0.16 | 7.70 | <1 | <1 |
| Average | 0.67 | 0.17 | 7.6 | <1 | <1 |
| Minimum | 0.58 | 0.09 | 7.4 | <1 | <1 |
| Maximum | 0.82 | 0.46 | 7.9 | <1 | <1 |

The table displays the monthly averages. Lab tests performed by plant operators.

**PORT HARDY
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| Airport Washroom | | | | | |
|------------------|----------------------|-----------------|------|-------------------------|------------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E. Coli cfu/100m |
| 1/15/13 | 0.67 | 0.13 | 7.90 | <1 | <1 |
| 2/06/13 | 0.64 | 0.11 | 7.48 | <1 | <1 |
| 3/12/13 | 0.46 | 0.15 | 7.54 | <1 | <1 |
| 4/03/13 | 0.50 | 0.11 | 7.51 | <1 | <1 |
| 5/14/13 | 0.31 | 0.11 | 7.84 | <1 | <1 |
| 6/04/13 | 0.43 | 0.11 | 7.90 | <1 | <1 |
| 7/02/13 | 0.30 | 0.14 | 7.90 | <1 | <1 |
| 8/07/13 | 0.28 | 0.38 | 7.70 | <1 | <1 |
| 9/03/13 | 0.20 | 0.12 | 7.60 | <1 | <1 |
| 10/01/13 | 0.13 | 0.11 | 7.73 | <1 | <1 |
| 11/05/13 | 0.25 | 0.25 | 7.90 | <1 | <1 |
| 12/03/13 | 0.25 | 0.17 | 8.30 | <1 | <1 |
| Average | 0.37 | 0.18 | 7.8 | <1 | <1 |
| Minimum | 0.13 | 0.11 | 7.5 | <1 | <1 |
| Maximum | 0.67 | 0.38 | 8.3 | <1 | <1 |

| Ferry | | | | | |
|-------------|----------------------|-----------------|------|-------------------------|------------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E. Coli cfu/100m |
| 1/08/13 | 0.68 | 0.16 | 7.49 | <1 | <1 |
| 2/12/13 | 0.55 | 0.18 | 7.50 | <1 | <1 |
| 3/05/13 | 0.67 | 0.10 | 7.48 | <1 | <1 |
| 4/16/13 | 0.43 | 0.11 | 7.68 | <1 | <1 |
| 5/22/13 | 0.41 | 0.15 | 7.62 | 1 | <1 |
| 6/04/13 | 0.31 | 0.19 | 7.60 | <1 | <1 |
| 7/17/13 | 0.58 | 0.13 | 7.50 | <1 | <1 |
| 8/23/13 | 0.85 | 0.16 | 7.40 | <1 | <1 |
| 9/03/13 | 0.20 | 0.15 | 7.30 | <1 | <1 |
| 10/16/13 | 0.30 | 0.31 | 7.68 | <1 | <1 |
| 11/26/13 | 0.38 | 0.12 | 8.06 | <1 | <1 |
| 12/11/13 | 0.43 | 0.13 | 7.80 | <1 | <1 |
| Average | 0.48 | 0.18 | 7.6 | <1 | <1 |
| Minimum | 0.20 | 0.10 | 7.3 | <1 | <1 |
| Maximum | 0.85 | 0.31 | 8.1 | 1 | <1 |

| G & N School | | | | | |
|--------------|----------------------|-----------------|------|-------------------------|------------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E. Coli cfu/100m |
| 1/15/13 | 0.66 | 0.25 | 7.79 | <1 | <1 |
| 2/12/13 | 0.63 | 0.20 | 7.70 | <1 | <1 |
| 3/05/13 | 0.72 | 0.17 | 7.39 | <1 | <1 |
| 4/16/13 | 0.58 | 0.17 | 7.55 | <1 | <1 |
| 5/22/13 | 0.44 | 0.12 | 7.70 | <1 | <1 |
| 6/11/13 | 0.62 | 0.16 | 7.80 | <1 | <1 |
| 7/17/13 | 0.47 | 0.57 | 7.50 | <1 | <1 |
| 8/20/13 | 0.18 | 0.35 | 7.30 | <1 | <1 |
| 9/10/13 | 0.50 | 0.42 | 7.70 | <1 | <1 |
| 10/01/13 | 0.68 | 0.34 | 7.49 | <1 | <1 |
| 11/12/13 | 0.42 | 0.41 | 8.00 | <1 | <1 |
| 12/11/13 | 0.67 | 0.30 | 7.70 | <1 | <1 |
| Average | 0.55 | 0.29 | 7.6 | <1 | <1 |
| Minimum | 0.18 | 0.12 | 7.3 | <1 | <1 |
| Maximum | 0.72 | 0.57 | 8.0 | <1 | <1 |

| Bear Cove | | | | | |
|-------------|----------------------|-----------------|------|-------------------------|------------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E. Coli cfu/100m |
| 1/08/13 | 0.55 | 0.80 | 7.50 | <1 | <1 |
| 2/12/13 | 0.32 | 0.71 | 7.54 | <1 | <1 |
| 3/12/13 | 0.52 | 0.19 | 7.61 | <1 | <1 |
| 4/09/13 | 0.50 | 0.14 | 7.51 | <1 | <1 |
| 5/08/13 | 0.56 | 0.17 | 8.21 | <1 | <1 |
| 6/04/13 | 0.23 | 0.41 | 7.80 | <1 | <1 |
| 7/02/13 | 0.43 | 0.12 | 7.70 | <1 | <1 |
| 8/07/13 | 0.58 | 0.31 | 8.40 | <1 | <1 |
| 9/03/13 | 0.10 | 0.33 | 7.40 | <1 | <1 |
| 10/16/13 | 0.40 | 0.18 | 7.50 | <1 | <1 |
| 11/05/13 | 0.40 | 0.16 | 7.70 | <1 | <1 |
| 12/03/13 | 0.55 | 0.17 | 7.70 | <1 | <1 |
| Average | 0.43 | 0.31 | 7.7 | <1 | <1 |
| Minimum | 0.10 | 0.12 | 7.4 | <1 | <1 |
| Maximum | 0.58 | 0.80 | 8.4 | <1 | <1 |

| Pioneer Inn | | | | | |
|-------------|----------------------|-----------------|------|-------------------------|------------------|
| Sample Date | Free Chlorine (mg/l) | Turbidity (NTU) | pH | Total Coliform cfu/100m | E. Coli cfu/100m |
| 1/08/13 | 1.00 | 0.37 | 7.32 | <1 | <1 |
| 2/06/13 | 0.64 | 0.10 | 7.43 | <1 | <1 |
| 3/12/13 | 0.63 | 0.22 | 7.50 | <1 | <1 |
| 4/03/13 | 0.67 | 0.17 | 7.35 | <1 | <1 |
| 5/03/13 | 0.60 | 0.12 | 7.84 | <1 | <1 |
| 6/17/13 | 0.66 | 0.07 | 8.30 | <1 | <1 |
| 7/17/13 | 0.73 | 0.25 | 7.50 | <1 | <1 |
| 8/13/13 | 0.73 | 0.20 | 7.20 | <1 | <1 |
| 9/17/13 | 0.70 | 0.11 | 7.60 | <1 | <1 |
| 10/01/13 | 0.64 | 0.13 | 7.35 | <1 | <1 |
| 11/12/13 | 0.75 | 0.19 | 7.59 | <1 | <1 |
| 12/11/13 | 0.76 | 0.11 | 7.60 | <1 | <1 |
| Average | 0.71 | 0.17 | 7.5 | <1 | <1 |
| Minimum | 0.60 | 0.07 | 7.2 | <1 | <1 |
| Maximum | 1 | 0.37 | 8.3 | <1 | <1 |

The table displays the monthly averages. Lab tests performed by plant operators.

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7. CHEMICAL USE

| Chemical Usage | | | | | | | | | | | | | |
|---|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|-------|
| | January | February | March | April | May | June | July | August | September | October | November | December | Total |
| ISOPAC 6 Coagulant in kg | 5953 | 6027 | 5324 | 6050 | 5092 | 5088 | 3251 | 4553 | 6698 | 5769 | 5762 | 5842 | 65408 |
| Soda Ash in kg | 3022 | 2801 | 2634 | 2936 | 2786 | 2251 | 1317 | 1589 | 2994 | 2728 | 2810 | 2996 | 30864 |
| Filter Aid (LT20) in kg | 0.83 | 0.92 | 0.98 | 0.93 | 0.92 | 0.77 | 0.72 | 0.65 | 0.72 | 0.60 | 0.64 | 0.81 | 9.46 |
| Salt for Chlorine Generator in kg | 582 | 565 | 618 | 591 | 655 | 670 | 829 | 834 | 733 | 674 | 574 | 616 | 7943 |
| Liquid Sodium Hypochlorite 12% in kg | 180 | 0 | 0 | 0 | 0 | 0 | 80 | 0 | 0 | 0 | 0 | 80 | 340 |
| Lime in kg | 1873 | 1624 | 1979 | 1543 | 1692 | 1496 | 1028 | 1428 | 1783 | 1585 | 1321 | 1394 | 18745 |
| Carbon Dioxide in kg | 3158 | 2637 | 3719 | 3016 | 2600 | 2346 | 2311 | 1862 | 1944 | 1194 | 1737 | 1628 | 28153 |

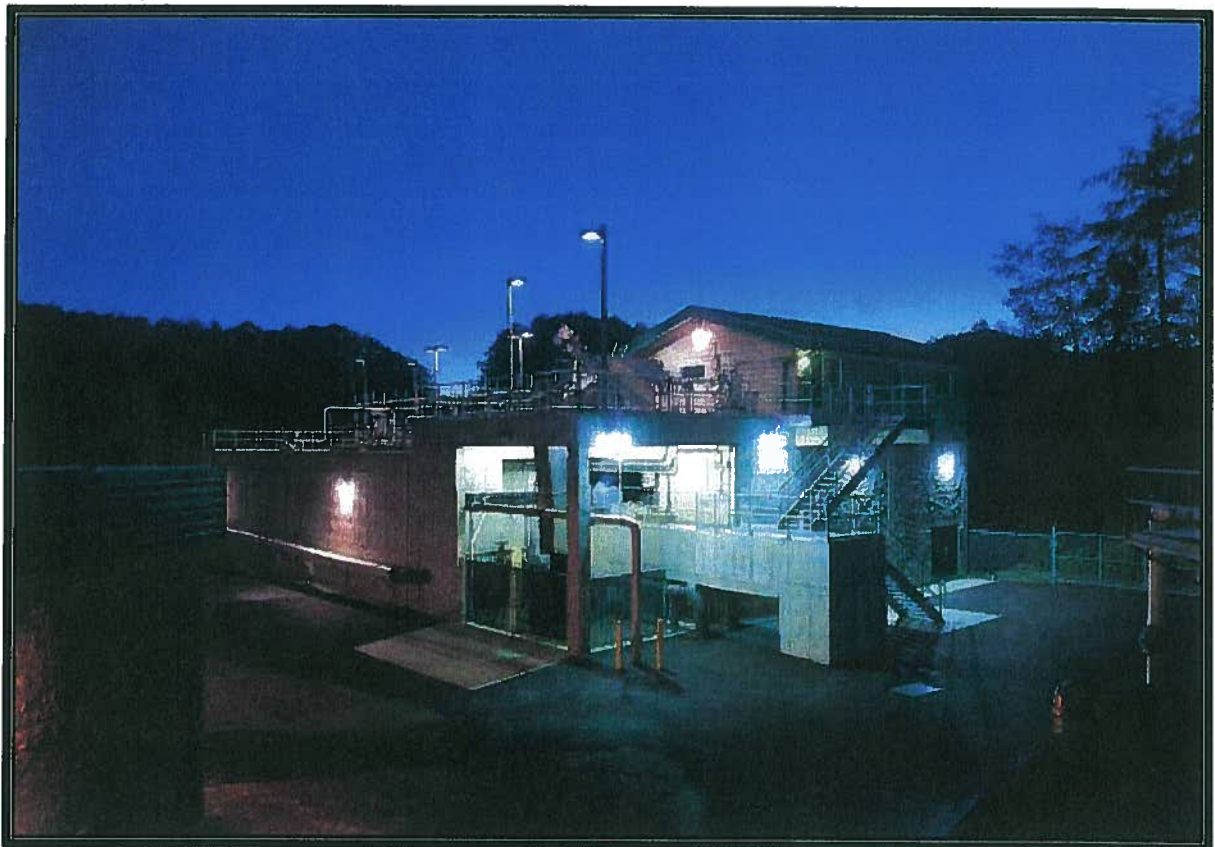
Appendix II





District of Port Hardy

Wastewater Treatment Plants & Collection System



Annual Operations Report 2013

MOE Certification ME-00385 & PE-04168



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AIRPORT WASTEWATER TREATMENT PLANT HIGHLIGHTS..... 5



Overview

Port Hardy is located on the northeastern tip of Vancouver Island, British Columbia. There are two major collection areas in the town, each with a wastewater treatment facility. The Airport Wastewater Treatment Plant (AWWTP), built in 1975, is located adjacent to the Transport Canada Airport facility. In February 2012, the existing permit was updated to a new Operational Certificate (ME-105299). Effluent is discharged into the Queen Charlotte Strait. There are three lift stations located in the AWWTP collection system.

The Tsulquate Wastewater Treatment Plant (TWWTP), originally built in 1972, services the majority of the population of Port Hardy, and has historically operated under permit PE-385. The discharge from this facility is sent into Hardy Bay. There are eight lift stations located in the TWWTP collection system. The plant underwent a major upgrade in 2007 which included the addition of two sequential batch reactors, a new headworks and ultraviolet disinfection (UV). The permit was also updated into a more stringent Operational Certificate (ME-00385).

Permits

The Airport wastewater treatment facility is a Class 2 facility and operates under Operational Certificate ME- 105299.

The Tsulquate wastewater treatment facility is a Class 3 facility as deemed by the Environmental Operators Certification Program (EOCP), certification number 1488. The fully upgraded Tsulquate plant operates under the Ministry of Environments Operating Certificate of ME-00385. The historical permit that applied before the upgrades were completed was PE-385.

| Operator Certification | | |
|------------------------|------------------------------|-----------------------------------|
| Operator | Title | Certification |
| Dennis Dugas | Capitol Projects Coordinator | WT III, MWWT II, WD IV, WWC I, CH |
| Joe Jewell | Foreman | WT IV, MWWT II, WD II, CH |
| Sean Mercer | Foreman | WD III, CCT |
| Kenn Oliver | Operator | WT III, MWWT III, CH |
| Justin Reusch | Operator | WT II, WD I, MWWT II |
| Roland Le Fort | Operator | MWWT II WT I |
| Cory Henschke | Operator | MWWT I |



Tsulquate Wastewater Treatment Plant Highlights

The upgraded Tsulquate wastewater treatment plant (TWWTP) has performed very well since the new SBR trains have been online and the modifications to the extended aeration plant were completed in 2008. The combined average effluent flow over the course of 2013 was 1919 m³/day. The design capacity for the entire plant with the SBR trains and the extended aeration train is 2700 m³/day.

Incidents

During the months of June and July, there were issues with the fecal coliform counts in the effluent. Many solutions were tried including cleaning the ultraviolet bulbs several times and eventually replacing the bulbs. It was ultimately determined that the issue was a faulty dissolved oxygen probe on the system giving a high value which caused issues with the biomass. The unit was replaced and issue was resolved. All other parameters were within permitted levels during this time.



Airport Wastewater Treatment Plant Highlights

The Airport wastewater treatment plant (AWWTP) continued to produce excellent effluent in 2013. There were no permit violations. The average influent effluent flow was 682 m³/day. The capacity of the plant is 276,000 Imperial Gallons per day (1242 m³/day).

Incidents

During the months of June and July there were issues with the pH of the effluent being low. This is due to the fact that the volume of wastewater coming into this plant is quite low and the sludge age as a result is quite high. Operators have started keeping the Mixed Liquor Suspended Solids in the aeration basin much lower to try and remedy this.

Currently, the outfall for the Airport Wastewater Treatment Plant is damaged. A contractor has dove and video inspected the outfall. Pacificus Biological Ltd. has been retained to gather samples in the receiving waters to monitor the fecal coliforms to assess the impact. An engineering firm has also been hired to assess the outfall pipe and provide an improved design or other options to divert flow from the Airport Plant back to the Tsulquate Wastewater Plant in town through an upgraded collection system. The situation is currently classified as a spill due to the fact that the treated effluent is not reaching its intended depth and distance for the shore. The beach continues to be closed from shellfish harvesting as it has for many years. The Ministry of Environment has been contacted and a Provincial Emergency Program (PEP) number has been generated.



Collection System

The collection system is operating well considering the age of the infrastructure. The lift stations remain a focus for the maintenance and capital upgrade programs to address aging infrastructure, as identified in the Liquid Waste Management Plan.

Incidents

There were no spills or incidents at the liftstations in 2013.

In January, there was an issue with a customer on 6230 Beaver Harbour Road with a sewer back up. An operator was dispatched and cleared the 4 inch sewer line from the home to the lower pressure sewer system liftstation.



EFFLUENT QUALITY DATA

Water quality monitoring of the plant has increased substantially for the upgraded TWWTP, partially due to the monitoring requirements identified in the operational certificate and also due to the increased monitoring that is required to meet higher treatment standards. The data presented in this report includes the results from samples sent to an external laboratory, certified to ISO17025 by CALA, as well as the internal testing results for some of the parameters completed onsite. While the internal data is not CALA accredited, it goes through an extensive QA/QC process. It complements the external data in demonstrating treatment performance due to the increased frequency of the internal testing.

The following two tables summarize the key quality parameters for the Tsulquate and Airport Wastewater Treatment Plants. Receiving environment monitoring was also completed.

Table 1 - TWWTP Effluent Quality Summary

| Month | Flow cubic meters / day | | Internal Lab | | | | External Lab | | | | | |
|-----------|----------------------------|-------|--------------|-----|--------------|-----|--------------|-----|--------------|-----|-----------------------|-------|
| | Avg | Max | TSS mg/L | | CBOD mg/L | | TSS mg/L | | CBOD mg/L | | Un-ionized Ammonia | |
| | | | Avg | Max | Avg | Max | Avg | Max | Avg | Max | Avg | Max |
| January | 1543 | 1912 | 10 | 20 | 2 | 5 | 8 | 12 | 8 | 13 | 0.027 | 0.027 |
| February | 2183 | 4421 | 12 | 20 | 4 | 5 | 10 | 13 | 5 | 5 | 0.030 | 0.030 |
| March | 2002 | 3004 | 14 | 36 | 4 | 8 | 12 | 14 | 7 | 11 | 0.010 | 0.010 |
| April | 1941 | 2554 | 15 | 36 | 6 | 8 | 14 | 16 | 8 | 11 | 0.040 | 0.040 |
| May | 1836 | 2410 | 11 | 24 | 5 | 6 | 11 | 15 | 8 | 11 | 0.030 | 0.030 |
| June | 1777 | 2560 | 12 | 28 | 7 | 11 | 14 | 23 | 11 | 13 | 0.060 | 0.060 |
| July | 1665 | 2429 | 12 | 20 | 7 | 13 | 11 | 21 | 13 | 19 | 0.060 | 0.060 |
| August | 1704 | 2249 | 9 | 28 | 6 | 10 | 12 | 17 | <5 | <5 | 0.120 | 0.120 |
| September | 2023 | 5253 | 9 | 20 | 3 | 4 | 8 | 10 | <5 | <5 | 0.070 | 0.070 |
| October | 2205 | 12901 | 7 | 12 | 2 | 5 | 11 | 16 | 5 | 6 | | |
| November | 1924 | 2941 | 7 | 16 | 3 | 6 | 10 | 12 | <5 | <5 | 0.045 | 0.050 |
| December | 2232 | 3182 | 11 | 28 | 5 | 5 | 10 | 14 | 7 | 7 | 0.030 | 0.030 |

Average 1919

Note: Samples were sent to North Island Laboratories in October for Un-ionized Ammonia testing. The lab did not perform the test. Two samples were sent in November for WSER compliance

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2013**



Table 2 - AWWTP Effluent Quality Summary

| Month | Flow cubic meters / day | | Internal Lab | | | | External Lab | | | | | | | |
|-----------|----------------------------|------|--------------|-----|--------------|-----|--------------|-----|--------------|-----|------------------|-----|-----------------------|-------|
| | Avg | Max | TSS mg/L | | CBOD mg/L | | TSS mg/L | | CBOD mg/L | | Total Ammonia | | Un-ionized Ammonia | |
| | | | Avg | Max | Avg | Max | Avg | Max | Avg | Max | Avg | Max | Avg | Max |
| January | 680 | 912 | 20 | 28 | 17 | 25 | 17 | 17 | 16 | 16 | 0.1 | 0.1 | <0.01 | <0.01 |
| February | 748 | 1031 | 15 | 28 | 14 | 21 | 10 | 10 | 5 | 5 | 0.1 | 0.1 | <0.01 | <0.01 |
| March | 700 | 936 | 10 | 20 | 3 | 5 | 15 | 15 | 6 | 6 | 0.0 | 0.1 | <0.01 | <0.01 |
| April | 665 | 954 | 21 | 60 | 23 | 74 | 10 | 10 | <5 | <5 | 0.2 | 0.2 | <0.01 | <0.01 |
| May | 638 | 782 | 7 | 12 | 5 | 6 | 11 | 11 | <5 | <5 | 0.1 | 0.1 | <0.01 | <0.01 |
| June | 676 | 1120 | 13 | 28 | 5 | 8 | 11 | 11 | <5 | <5 | 0.2 | 0.2 | <0.01 | <0.01 |
| July | 632 | 1195 | 17 | 80 | 7 | 17 | 19 | 26 | 6 | 6 | 1.1 | 1.1 | <0.01 | <0.01 |
| August | 654 | 953 | 11 | 24 | 14 | 23 | 12 | 12 | <5 | <5 | 0.1 | 0.1 | <0.01 | <0.01 |
| September | 680 | 1050 | 17 | 24 | 7 | 8 | 44 | 44 | <5 | <5 | 1.9 | 1.9 | <0.01 | <0.01 |
| October | 699 | 1073 | 14 | 20 | 5 | 8 | 14 | 14 | <5 | <5 | 0.0 | 0.0 | <0.01 | <0.01 |
| November | 670 | 928 | 13 | 20 | 26 | 26 | 12 | 12 | 5 | 5 | 0.0 | 0.1 | <0.01 | <0.01 |
| December | 748 | 1033 | 10 | 20 | <5 | <5 | 13 | 13 | <5 | <5 | 0.1 | 0.1 | <0.01 | <0.01 |
| Average | 682 | | | | | | | | | | | | | |



Table 3 – Permit Limitations

| Parameter | Permit Limits | |
|---|---------------|---------|
| | AWWTP | TWWTP |
| Biochemical Oxygen Demand (BOD ₅) mg/l | 45 | 45 |
| Fecal Coliforms cfu/100ml Geomean Average | n/a | 200 |
| Total Suspended Solids (TSS) mg/l | 45 | 45 |
| pH | 6.0-9.0 | 6.0-9.0 |

Appendix III



District of Port Hardy

Consolidated Financial Statements

December 31, 2013





THE DISTRICT OF PORT HARDY

2013 ELECTED OFFICIALS

Mayor B. Parnham

**Councillor J. Dorward
Councillor J. Hemphill
Councillor D. Huddleston**

**Councillor R. Marcotte
Councillor N. Shaw
Councillor J. Tidbury**

DISTRICT OFFICIALS

**Chief Administrative Officer
Director of Financial Services
Director of Corporate Services
Director of Operations
Royal Canadian Mounted Police
Fire Chief**

**R. Davidge
A. McCarrick
J. Long
T. Kushner
Staff Sgt. Brownridge
S. Nickerson**

MUNICIPAL AUDITORS

MNP LLP

BANKERS

CIBC

District of Port Hardy

December 31, 2013

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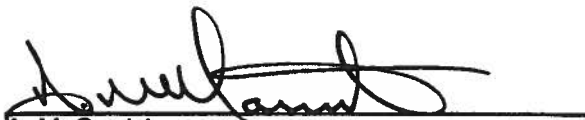
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The accompanying financial statements are the responsibility of management. To ensure their integrity, objectivity and reliability, the statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board, which are generally accepted accounting principles for British Columbia municipalities and are outlined in (Note 1) to the Consolidated Statements. Some amounts on these statements are based on management's best estimates and careful judgment.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly.

Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Council. The Council reviews external Audited Financial Statements annually.

The external auditors, MNP LLP, are appointed by Council to conduct an independent examination in accordance with Canadian auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial records and management of the District of Port Hardy.



A. McCarrick

Chief Financial Officer



Bev Parnham

Mayor

Independent Auditors' Report

To the Mayor and Council of the District of Port Hardy:

We have audited the accompanying consolidated financial statements of the District of Port Hardy, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies, schedules and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

At December 31, 2013, we were unable to verify the amount of earnings and the investment recorded on a modified equity basis from the North Island Community Forest. Income from investment in government business enterprises of \$291,870 has been recorded in revenue and as an increase to the Investment in government business enterprises on the statement of financial position at December 31, 2013 (see Note 19); however, we have not been provided information to verify the occurrence, accuracy or completeness of those amounts.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2013, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Campbell River, British Columbia

May 1, 2014

MNP LLP


Chartered Accountants

District of Port Hardy
Consolidated Statement of Financial Position
As At December 31, 2013

| | 2013 | 2012 |
|---|----------------------|----------------------|
| Financial Assets | | |
| Cash and cash equivalents (Note 2) | \$ 3,113,570 | \$ 2,075,963 |
| Accounts receivable (Note 3) | 1,962,298 | 3,445,657 |
| Loan receivable (Note 19) | - | 38,333 |
| Investment in Government business enterprises (Note 19) | 237,572 | 45,702 |
| Tax sale properties | 27,725 | 12,912 |
| Land held for resale | 506 | 506 |
| | <u>5,341,671</u> | <u>5,619,073</u> |
| Financial Liabilities | | |
| Accounts payable and other liabilities (Note 4) | 867,638 | 764,157 |
| Tax sale properties deposits | 33,856 | 16,912 |
| Performance deposits and bonds (Note 5) | 14,900 | 10,000 |
| Deferred revenue (Note 6) | 685,659 | 892,957 |
| Capital leases (Note 8) | 897,605 | 1,097,719 |
| Capital borrowing (Note 21) | 80,000 | - |
| Long-term debt (Note 9) | 895,066 | 1,097,739 |
| | <u>3,474,724</u> | <u>3,879,484</u> |
| Net Financial Assets | <u>1,866,947</u> | <u>1,739,589</u> |
| Non-Financial Assets | | |
| Tangible capital assets (Note 10) | 41,009,780 | 41,298,278 |
| Inventory | 206,003 | 83,771 |
| Prepays | 59,449 | 18,693 |
| | <u>41,275,232</u> | <u>41,400,742</u> |
| Accumulated Surplus (Schedule 3) | <u>\$ 43,142,179</u> | <u>\$ 43,140,331</u> |

Commitments and Contingencies (Note 16)

Approved by:



 A. McCarrick

Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Consolidated Statement of Operations
For the Year Ended December 31, 2013

| | 2013 | 2013 Budget (Note 12) | 2012 |
|---|----------------------|-----------------------------|----------------------|
| Revenue | | | |
| Taxes | \$ 2,295,127 | \$ 2,296,415 | \$ 2,217,105 |
| Payments in lieu of taxes | 163,888 | 160,930 | 156,649 |
| Sewer user rates | 1,025,846 | 1,111,450 | 1,011,733 |
| Water user rates | 1,195,605 | 1,339,520 | 1,253,300 |
| Sale of Service | 1,124,837 | 760,261 | 972,716 |
| Other revenue | 387,983 | 306,307 | 475,480 |
| Income from investment in Government business enterprises | 291,870 | - | 62,240 |
| Development contributions | - | - | 645,225 |
| Government transfers from other governments | 1,239,437 | 1,474,520 | 1,704,800 |
| | <u>7,724,593</u> | <u>7,449,403</u> | <u>8,499,248</u> |
| Expenses | | | |
| General government services | 926,695 | 921,750 | 1,114,282 |
| Transportation services | 1,646,468 | 1,631,589 | 1,589,595 |
| Protective services | 457,279 | 422,253 | 435,337 |
| Environmental health services | 273,990 | 262,817 | 263,013 |
| Recreation & Culture | 1,274,352 | 1,264,365 | 1,262,778 |
| Community development | 171,028 | 220,041 | 215,632 |
| Water | 1,559,189 | 1,330,013 | 1,332,469 |
| Sewer | 1,413,744 | 1,318,010 | 1,411,516 |
| | <u>7,722,745</u> | <u>7,370,838</u> | <u>7,624,622</u> |
| Annual Surplus | 1,848 | 78,565 | 874,626 |
| Accumulated surplus beginning of year | 43,140,331 | 43,140,331 | 42,265,705 |
| Accumulated Surplus, end of year | <u>\$ 43,142,179</u> | <u>\$ 43,218,896</u> | <u>\$ 43,140,331</u> |

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Consolidated Statement of Changes in Net Financial Assets As At December 31, 2013

| | 2013 | 2013 Budget (Note 12) | 2012 |
|---|---------------------|-----------------------------|---------------------|
| Annual Surplus | \$ 1,848 | \$ 78,565 | \$ 874,626 |
| Acquisition of tangible capital assets | (1,507,743) | (1,755,578) | (1,447,634) |
| Amortization | 1,782,876 | 1,520,000 | 1,687,356 |
| Disposal of tangible capital assets | 13,365 | - | - |
| Development contributions | - | - | (645,225) |
| | <u>288,498</u> | <u>(235,578)</u> | <u>(405,503)</u> |
| Acquisition of prepaid expense | (59,449) | - | (18,693) |
| Acquisition of supplies inventory | (122,232) | - | (2,425) |
| Use of prepaid expense | 18,693 | - | 15,990 |
| | <u>(162,988)</u> | <u>-</u> | <u>(5,128)</u> |
| Change in net financial assets | 127,358 | (157,013) | 463,995 |
| Net financial assets, beginning of year | 1,739,589 | 1,739,589 | 1,275,594 |
| Net financial assets, end of year | <u>\$ 1,866,947</u> | <u>\$ 1,582,576</u> | <u>\$ 1,739,589</u> |

The accompanying notes are an integral part of these financial statements.

District of Port Hardy
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2013

| | 2013 | 2012 |
|---|---------------------|---------------------|
| Cash Provided By (Used In) | | |
| Operating Activities | | |
| Annual Surplus | \$ 1,848 | \$ 874,626 |
| Increase (Decrease) in Non Financial Assets | | |
| Amortization | 1,782,876 | 1,687,356 |
| Developer tangible capital asset contribution | - | (645,225) |
| Change in inventory | (122,232) | (2,426) |
| Change in prepaids | (40,756) | (2,703) |
| | <u>1,621,736</u> | <u>1,911,628</u> |
| (Increase) Decrease in Financial Assets and Liabilities | | |
| Change in accounts receivable | 1,483,359 | 726,799 |
| Change in loan receivable | 38,333 | - |
| Change in accounts payable | 103,481 | 34,070 |
| Change in tax sale properties | (14,813) | 66,034 |
| Change in tax sale deposits | 16,944 | (39,735) |
| Change in performance deposits and bonds | 4,900 | (8,500) |
| Change in investment in Government business enterprises | (191,870) | (62,240) |
| Change in Actuarial | (36,090) | (28,295) |
| Change in deferred revenue | (207,298) | 362,044 |
| | <u>2,818,682</u> | <u>2,961,805</u> |
| Cash provided by operating transactions | | |
| Capital Activities | | |
| Acquisition of tangible capital assets | (1,392,913) | (1,447,634) |
| Financing Activities | | |
| Capital lease repaid | (321,580) | (279,874) |
| Debenture debt repaid | (166,582) | (166,582) |
| Capital borrowing | 100,000 | - |
| | <u>(388,162)</u> | <u>(446,456)</u> |
| Net increase in cash and cash equivalents | 1,037,607 | 1,067,715 |
| Cash and cash equivalents at beginning of period | 2,075,963 | 1,008,248 |
| Cash and cash equivalents at end of period | <u>\$ 3,113,570</u> | <u>\$ 2,075,963</u> |
| Continued on next page | | |

The accompanying notes are an integral part of these financial statements.

District of Port Hardy
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2013

| | <u>2013</u> | <u>2012</u> |
|---|---------------------|---------------------|
| Consolidated Statement of Cash Flows continued. | | |
| Represented by | | |
| Cash | \$ 394,338 | \$ 412,194 |
| Investments | 2,719,232 | 1,663,769 |
| | <u>\$ 3,113,570</u> | <u>\$ 2,075,963</u> |
| Supplemental information | | |
| Interest paid | \$ 152,031 | \$ 152,452 |
| Interest received | \$ 48,262 | \$ 39,332 |

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2013

The District of Port Hardy was incorporated in 1966 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services to the residents of the Municipality. These services include general government administration, bylaw enforcement, planning and land use, building inspection, fire protection, parks and recreation, water distribution and sewer collection, wastewater disposal, garbage and recycling services and road and street maintenance.

1. Significant Accounting Policies:

a) Basis of Presentation

The District of Port Hardy follows accounting principles accepted for British Columbia municipalities and applies these principles consistently. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The consolidated financial statements reflect the combined results and activities of the reporting entity which is comprised of the General, Water and Sewer, Operating, Capital and Reserve funds. Inter-fund transactions have been eliminated on consolidation.

b) Revenue Recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transaction or events occurred. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the District. Development contributions are recorded as contributed tangible capital assets at their fair value on the date of contribution. Amounts received from non-government sources in advance of services being rendered are recorded as deferred revenue until the obligations that led to the collection of funds has been discharged. The District recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the District recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable. Income from investment in government business enterprises is recognized based on the annual earnings of the enterprises (see Note 19).

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Inventory held for resale which includes property and chattels is recorded as accrued property tax revenue, interest, penalties, cost of chattels and carrying costs less a provision for potential shortfall of proceeds from a sale or conversion. Inventory for resale is recorded at lower of cost or net realizable value as a financial asset. Inventory of supplies is recorded at the lower of cost or net realizable value as a non-financial asset.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

1. Significant Accounting Policies Continued:

e) Leases

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and related payments are charged to expenses as incurred.

f) Financial Instruments

The Municipality's financial instruments consist of cash and cash equivalents, accounts receivable, loan receivable, accounts payable and other liabilities, performance deposit and bonds and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments.

g) Accrued Employee Benefits

Accrued employee benefits include an allowance for sick leave, vacation and severance benefits. These benefits are based on obligations as determined by collective agreements and contractual arrangements. Allowances for sick leave and vacation entitlement are recorded in the year in which they are earned. Severance benefits are recorded in the year in which they are earned. For union employees, 1 week is earned for each year of employment, to a maximum of 10 or 12 weeks depending on the union. Non-union employees earn severance in accordance with individual contracts or the BC labour standards. The severance banks are then multiplied by 10% for senior management and 2% for all other employees to estimate the potential for the District paying out severance.

h) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Significant areas requiring estimates include the determination of collectability of accounts receivable, accrued payroll liabilities, tangible capital assets and provisions for contingencies. Accounts receivable are stated after evaluation of their collectability. Amortization is based on the estimated useful lives of tangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

1. Significant Accounting Policies Continued:

i) Tangible Capital Assets

Tangible capital assets are recorded at cost, net of disposals, write-downs and amortization. Tangible capital asset expenditures exceeding the thresholds per major category are capitalized. The average useful life is applied straight line to calculate amortization. Amortization is taken at one-half of the calculated amount in the year of acquisition and/or disposal.

| | Average Useful Life |
|-------------------------------|---------------------|
| Land | Indefinite |
| Land Improvements | 10-40 years |
| Buildings | 20-80 years |
| Equipment | 5-25 years |
| Engineering Structures | |
| Roads | 10-60 years |
| Water | 8-100 years |
| Sewer | 8-100 years |

Carrying costs directly attributable to the acquisition, construction or development activity are capitalized to the point in time the asset is substantially complete and ready for use. Contributed tangible capital assets are recorded at their fair value on the date of contribution. Assets under construction are not amortized until the asset is in use.

j) Recent Accounting Pronouncements

In June 2010, the Public Sector Accounting Board issued PS 3260 Liability for contaminated sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements. PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The District has not yet determined the effect of the new section on its consolidated financial statements.

2. Cash and cash equivalents

| | 2013 | 2012 |
|----------------------|---------------------|---------------------|
| General revenue fund | \$ 3,101,852 | \$ 2,064,372 |
| Reserve accounts | 11,718 | 11,591 |
| | <u>\$ 3,113,570</u> | <u>\$ 2,075,963</u> |

The above balances include Municipal Finance Authority money market account \$2,719,233 (2012 - \$1,663,769), carried at cost, which is also equal to market value.

District of Port Hardy
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

3. Accounts Receivable

| | 2013 | 2012 |
|--------------------------------------|---------------------|---------------------|
| Property taxes | \$ 652,054 | \$ 798,779 |
| Other Governments | 587,183 | 1,844,611 |
| Trade and other | 974,237 | 1,046,368 |
| | 2,213,474 | 3,689,758 |
| Less allowance for doubtful accounts | (251,176) | (244,101) |
| | \$ 1,962,298 | \$ 3,445,657 |

4. Accounts Payable and other liabilities

| | 2013 | 2012 |
|----------------------------|-------------------|-------------------|
| Other Governments | \$ 64,185 | \$ 125,839 |
| Accrued wages and benefits | 289,435 | 227,181 |
| Trade and other | 514,018 | 411,137 |
| | \$ 867,638 | \$ 764,157 |

5. Performance deposits and bonds

| | 2013 | 2012 |
|----------------------|------------------|------------------|
| Performance deposits | \$ 10,000 | \$ 10,000 |
| Other deposits | 4,900 | - |
| | \$ 14,900 | \$ 10,000 |

6. Deferred Revenue

| | 2013 | 2012 |
|---------------------------|-------------------|-------------------|
| Prepaid taxes | \$ 37,400 | \$ 26,668 |
| Prepaid fees and charges | 51,616 | 49,576 |
| Federal gas tax and other | 596,643 | 816,713 |
| | \$ 685,659 | \$ 892,957 |

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

7. Federal Gas Tax Funds

Gas Tax funding is provided by the Government of Canada and the use of the funding is restricted by the terms of a funding agreement between the District and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Opening balance of unspent funds | \$ 518,227 | \$ 369,160 |
| Add: Amount received during the year | 204,000 | 204,071 |
| Interest earned | 5,367 | 4,996 |
| Less: Amount spent on eligible projects | (215,477) | (60,000) |
| Closing balance of unspent funds | \$ 512,117 | \$ 518,227 |

8. Capital Leases

The Municipality leases fire and rescue equipment and a water system under capital leases. The economic substance of the leases is that the Municipality is financing the acquisition of the assets through the leases and accordingly, they are recorded in the Municipality's tangible capital assets and liabilities. (Note 10)

Future minimum lease payments under the capital leases together with the balance of the obligations due:

| | |
|------------------------------------|-------------------|
| 2014 | \$ 352,500 |
| 2015 | 496,645 |
| 2016 | 37,335 |
| 2017 | 21,270 |
| 2018 | 10,039 |
| Total minimum lease payments | 917,789 |
| Less: amount representing interest | (20,184) |
| Obligations under capital lease | <u>\$ 897,605</u> |

Total interest expense during the year was \$20,184 (2012 \$23,593) and interest rates were constant at 2.00% (1.25% to 5.25% in 2012).

District of Port Hardy
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

9. Long-Term Debt

| | Balance, Beginning of year | Additions | Principal repayments and actuarial recognized | Balance, end of year |
|-------------------|----------------------------------|-----------|---|-------------------------|
| Sewer Fund | | | | |
| Long-term debt | \$ 1,097,739 | \$ - | \$ (202,673) | \$ 895,066 |

The following represents the principal repayments over the next four years: The loan will be repaid in 2017.

| | |
|------|-------------------|
| 2014 | \$ 166,582 |
| 2015 | 166,582 |
| 2016 | 166,582 |
| 2017 | 166,582 |
| | <u>\$ 666,328</u> |

This long-term debt is payable to the Municipal Finance Authority (MFA). The debt is repayable at \$166,582 plus interest (4.82%) per year.

10. Tangible Capital Assets (Schedule 2)

| | | |
|--------------------------------|---------------------|---------------------|
| Land and Improvements | \$ 4,999,105 | \$ 4,278,558 |
| Buildings | 3,847,743 | 3,920,054 |
| Furniture and Equipment | 2,871 | 2,871 |
| Vehicles and Machinery | 1,484,688 | 1,578,684 |
| Computer Hardware and Software | 17,313 | 22,260 |
| Engineering Structures | | |
| Roads | 13,243,444 | 13,394,252 |
| Water | 6,705,510 | 7,018,443 |
| Sewer | 10,709,106 | 11,083,156 |
| | <u>\$41,009,780</u> | <u>\$41,298,278</u> |

The cost of capital assets under construction in 2013 is \$NIL (\$645,478 in 2012).

The net book value of leased assets in 2013 is \$1,385,877 (\$1,385,257 in 2012)

Tangible capital assets include land under the District's roads, which is disclosed at a nominal amount. Art and historic treasures are displayed at various District facilities and consist of painting, historical photographs, sculptures, carvings and other cultural artifacts. These items have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

District of Port Hardy

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

11. Pension Liability

The Municipality and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 33 contributors from the District of Port Hardy.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1.370 billion funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The District of Port Hardy paid \$129,018 (2012-\$115,637) for employer contributions while employees contributed \$112,937 (2012-\$92,773) to the plan in fiscal 2013.

12. Budget Figures

The budget amounts presented throughout these financial statements are based on the Five Year Financial Plan bylaw adopted by Council on April 23, 2013, except in regard to budget amounts for amortization and tangible capital assets.

| | |
|---|---------------------|
| Annual surplus, as adopted April 23, 2013 | \$nil |
| Add: | |
| Aquisition of tangible capital assets | \$ 1,755,578 |
| Debenture principal repayments | 496,019 |
| Less: | |
| Debenture debt issue | (190,000) |
| Interfund transfers | (1,983,032) |
| Annual surplus restated | \$ 78,565 |

District of Port Hardy

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

13. Collections for Other Governments

The District is required to collect taxes on behalf of and transfer these amounts to the governments and/or its agencies noted below. These sums are not included in the schedules to these statements.

| | 2013 | 2012 |
|---|---------------------|---------------------|
| School District 85 | \$ 1,398,361 | \$ 1,344,864 |
| Mount Waddington Regional District | 446,749 | 449,623 |
| Mount Waddington Regional Hospital District | 147,572 | 148,118 |
| B.C. Assessment Authority | 28,320 | 28,096 |
| Municipal Finance Authority | 86 | 85 |
| Provincial Government - Police Tax | 171,839 | 157,102 |
| Vancouver Island Regional Library | 124,568 | 118,704 |
| | <u>\$ 2,317,495</u> | <u>\$ 2,246,592</u> |

14. Trust Funds

The District operates the cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2013, the balance of funds held in trust was \$29,753 (2012 - \$29,753).

The District operates the Fisherman's Wharf for the Department of Fisheries and Oceans and acts as project manager for the capital items constructed. The assets and liabilities of the operations are not included in the consolidated financial statements.

15. Payroll Benefits

Full-time permanent employees receive their full sick bank up to 60 days upon retirement or one third upon termination. There are no additional liabilities accrued for these amounts as they are included in the sick leave and vacation liability accounts. Specified officers of the District are entitled to severance benefits. This liability is recorded as the severance benefits are negotiated. The reported liability reflects the likelihood that employees will become eligible for this benefit.

Vacation liability at December 31, 2013 is \$30,926 (2012 - \$20,964).

Sick leave liability at December 31, 2013 is \$96,493 (2012 - \$95,566).

Severance liability at December 31, 2013 is \$34,356 (2012 - \$28,258).

District of Port Hardy

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

16. Commitments and Contingencies

a) Municipal Insurance Association of British Columbia

The District is a subscribed member of the Municipal Insurance Association of British Columbia as provided by section 3.02 of the Insurance Act of the Province of British Columbia (the Exchange"). The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the District is assessed a premium and a specific deductible for claims is based on population. The obligation of the District with respect to the Exchange and/or contract and obligation entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, not joint and several. The District irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.

b) Legal Actions

Each year the District is involved in certain legal actions. Financial implications of potential claims against the District, resulting from such litigation and not covered by insurance, are accrued to the extent that amounts can be reasonably estimated. Otherwise, such claims are recognized in the year in which a definitive obligation is determined.

c) Mount Waddington Regional District

The District is responsible, as a member of the Mount Waddington Regional District, for its portion of any operating deficits or long-term debt related function in which it participates.

17. Deposit and Reserve - Municipal Finance Authority

The District issues certain of its debt instruments through the Municipal Finance Authority of British Columbia (the Authority). As a condition of these borrowings and as required by legislation, a debt reserve fund is to be established in the amount of one-half the average annual installment of principal and interest as set out in the agreement(s) entered into. The reserve is funded in part by cash, being the withholding of 1% of the total issue proceeds, and the remainder being funded by a demand note whereby the District may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts of the District.

Details of the cash deposits on hand are:

| | 2013 | 2012 |
|-------------------|-----------|-----------|
| Sewer Fund | | |
| Cash Deposits | \$ 23,732 | \$ 22,277 |

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

18. Segmented Information

For management reporting purposes the District's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulation, restriction or limitations. District services are provided by departments and their activities are reported in the funds. Certain departments that have been separately disclosed in the segmented information on Schedule 1, along with the services they provide, are as follows:

Protection

Protection is comprised of the Volunteer Fire Department, the Emergency Preparedness coordinator, building inspection and bylaw enforcement.

Community Development

The Community development department provides economic development services. These services consist of downtown revitalization, grant proposals and new business and development.

Recreation & Culture

The Recreation and Culture department provides recreation and leisure services such as fitness and aquatic programs, the library and the museum.

Waste Management

This service is for the collection and disposal of solid waste and recycling program.

Public Works

The Public Works department delivers the municipal services related to maintenance of the roads, sidewalks, parks, open space, street lighting and storm drains.

General Government

Provide services related to corporate and legislative administration, governance, financial management, human resources and information technology.

Water

The water department is responsible for the water treatment plant and distribution system.

Sewer

The waste water department is responsible for the treatment and collection system for waste water.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The General Revenue Fund reports on municipal services that are funded by taxation. The taxes are apportioned to the fund services based on the net surplus.

District of Port Hardy

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

19. Investment in Government Business Enterprises

The investment in the North Island Community Forest Limited Partnership (NICFLP) is reported as a government business partnership and North Island Community Forest Ltd. (NICF LTD) as a government business enterprise. These businesses are accounted for using the modified equity method. Under this method, the government businesses' accounting principles are not adjusted to conform with those of the District and inter-corporate transactions are not eliminated.

As a government business partnership, the NICFLP is required to report under International Financial Reporting Standards (IFRS). In the prior and current year, the NICFLP financial statements have not been audited or reviewed, therefore they were not prepared in accordance with IFRS. Any difference between the accounting standards used and IFRS would likely be insignificant.

| | 2013 Unaudited | 2012 Unaudited |
|--|-------------------|-------------------|
| Summary of investment in Government Businesses | | |
| NICFLP | \$ 234,245 | \$ 45,295 |
| NICF LTD. | 3,327 | 407 |
| | <u>237,572</u> | <u>45,702</u> |
| Summary of results of operations | | |
| NICFLP | 288,951 | 61,618 |
| NICF LTD. | 2,919 | 622 |
| | <u>\$ 291,870</u> | <u>\$ 62,240</u> |

The condensed supplementary financial information of the NICFLP is as follows:

| | 2013 Unaudited | 2012 Unaudited |
|-------------------------------|-------------------|-------------------|
| Financial Position | | |
| Current and other assets | \$ 723,492 | \$ 276,673 |
| Current and other liabilities | 10,729 | 139,520 |
| Partners' capital | <u>712,763</u> | <u>137,153</u> |
| Net assets | <u>723,492</u> | <u>276,673</u> |
| Results of operations | | |
| Revenues | 919,848 | 203,525 |
| Expenses | 44,239 | 16,804 |
| Net surplus/(loss) | <u>\$ 875,609</u> | <u>\$ 186,721</u> |

In 2011 the District loaned the North Island Community Forest Limited Partnership (NICFLP) \$38,333. The loan is unsecured, non-interest bearing and due on or before December 31, 2015. Loan balance 2013 is NIL. (2012

District of Port Hardy

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

19. Investment in Government Business Enterprises Continued
\$38,333). During the year the District received a dividend from the NICFLP of \$100,000.

20. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

21. Capital Borrowing

Short term financing is secured through the Municipal Finance Authority for capital initiatives approved under loan authorizations. Interest is calculated daily on a variable rate basis at prime less 1.28%. In 2013 the rate was 1.72%. Short term borrowing is replaced by long term debt periodically when balances and interest rates are considered inappropriate.

District of Port Hardy

Consolidated Schedule of Segmented Disclosure

For the Year Ended December 31, 2013

Schedule 1
(Note 18)

| | General government services | | | Transportation services | | | Protective services | | | Environmental health services | | | Recreation & Culture | | |
|---|-----------------------------|---------------------|---------------------|-------------------------|---------------------|---------------------|---------------------|------------------|-----------------------|-------------------------------|------|------|----------------------|------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Revenues | | | | | | | | | | | | | | | |
| Taxes | \$ 2,285,127 | \$ 2,217,105 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Payments in lieu of taxes | 163,888 | 156,649 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sale of service | - | - | 323,210 | 290,565 | 37,008 | 35,083 | 273,008 | 273,273 | 209,436 | 212,509 | | | | | |
| Income from investment in Government business enterprises | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Government transfers from other governments | 340,017 | 727,501 | 312,321 | 644,935 | 123,921 | 57,665 | - | - | - | - | - | - | - | - | - |
| Development contributions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Actuarial recognized | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other revenue | 152,912 | 285,186 | 30,309 | 35,776 | 66,939 | 32,238 | 3,201 | 3,164 | 34,553 | 33,876 | | | | | |
| | 2,951,944 | 3,386,441 | 665,840 | 971,276 | 227,868 | 124,986 | 276,209 | 276,437 | 243,989 | 246,385 | | | | | |
| Expenses | | | | | | | | | | | | | | | |
| Salaries and benefits | 727,551 | 848,238 | 440,398 | 404,629 | 123,260 | 111,084 | 20,596 | 12,886 | 605,688 | 613,528 | | | | | |
| Goods and services | 122,095 | 166,487 | 310,285 | 327,905 | 169,483 | 157,824 | 29,791 | 27,012 | 337,585 | 334,890 | | | | | |
| Contracted services | 34,735 | 49,635 | 260,063 | 256,927 | 78,284 | 79,103 | 223,603 | 223,115 | 80,899 | 98,460 | | | | | |
| Interest | 6,361 | 10,811 | - | - | - | - | - | - | - | - | | | | | |
| Amortization | 35,953 | 39,111 | 635,722 | 600,134 | 86,252 | 87,326 | - | - | 250,180 | 215,900 | | | | | |
| | 926,695 | 1,114,282 | 1,646,468 | 1,589,595 | 457,279 | 435,337 | 273,990 | 263,013 | 1,274,352 | 1,262,778 | | | | | |
| Net Surplus (Deficit) | \$ 2,025,249 | \$ 2,272,159 | \$ (980,628) | \$ (618,319) | \$ (229,411) | \$ (310,351) | \$ 2,219 | \$ 13,424 | \$ (1,030,363) | \$ (1,016,393) | | | | | |

The accompanying notes are an integral part of these financial statements.

District of Port Hardy

Consolidated Schedule of Segmented Disclosure
For the Year Ended December 31, 2013

Schedule 1

| | Community development | | Water | | Sewer | | Consolidated Actual | | Budget | | Consolidated Actual | | Budget Unaudited | |
|---|-----------------------|-----------|--------------|-----------|--------------|------------|---------------------|-----------|--------------|--------------|---------------------|--------------|------------------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,295,127 | \$ - | \$ 2,296,415 | \$ 2,217,105 | \$ 2,218,089 | \$ 2,217,105 | \$ 2,218,089 | |
| Payments in lieu of taxes | - | - | - | - | - | - | 163,888 | - | 160,980 | 156,649 | 197,711 | 156,649 | 197,711 | |
| Sale of service | - | - | 1,329,463 | 1,341,582 | 1,174,163 | 1,084,737 | 3,346,288 | 3,211,231 | 3,211,231 | 3,237,749 | 3,165,173 | 3,237,749 | 3,165,173 | |
| Income from investment in Government business enterprises | 291,870 | 62,240 | - | - | - | - | 291,870 | - | - | 62,240 | - | 62,240 | - | |
| Government transfers from other governments | 446,834 | 188,316 | - | 60,000 | 16,344 | 26,383 | 1,239,437 | 1,474,520 | 1,474,520 | 1,704,800 | 1,610,266 | 1,704,800 | 1,610,266 | |
| Development contributions | - | - | - | - | - | 645,225 | - | - | - | 645,225 | 645,225 | 645,225 | 645,225 | |
| Actuarial recognized | - | - | - | - | 36,090 | 28,295 | 36,090 | - | - | 28,295 | - | 28,295 | - | |
| Other revenue | 31,401 | 31,048 | 18,850 | 12,772 | 13,728 | 13,125 | 351,893 | 306,307 | 306,307 | 447,185 | 265,323 | 447,185 | 265,323 | |
| | 770,105 | 281,604 | 1,348,313 | 1,414,354 | 1,240,325 | 1,797,765 | 7,724,593 | 7,449,403 | 7,449,403 | 8,499,248 | 8,101,787 | 8,499,248 | 8,101,787 | |
| Expenses | | | | | | | | | | | | | | |
| Salaries and benefits | 56,906 | 56,090 | 114,761 | 7,999 | 60,191 | 2,303 | 2,149,351 | 2,150,000 | 2,150,000 | 2,056,757 | 1,783,484 | 2,056,757 | 1,783,484 | |
| Goods and services | 28,459 | 45,422 | 215,504 | 98,526 | 187,925 | 117,722 | 1,401,127 | 1,350,000 | 1,350,000 | 1,275,788 | 1,257,817 | 1,275,788 | 1,257,817 | |
| Contracted services | 85,663 | 114,120 | 863,904 | 858,265 | 610,209 | 772,645 | 2,237,360 | 2,212,668 | 2,212,668 | 2,452,270 | 2,451,199 | 2,452,270 | 2,451,199 | |
| Interest | - | - | 13,179 | 16,945 | 132,490 | 124,695 | 152,030 | 138,170 | 138,170 | 152,451 | 123,519 | 152,451 | 123,519 | |
| Amortization | - | - | 351,841 | 350,734 | 422,929 | 394,151 | 1,782,877 | 1,520,000 | 1,520,000 | 1,687,356 | 1,687,356 | 1,687,356 | 1,687,356 | |
| | 171,028 | 215,632 | 1,559,189 | 1,332,469 | 1,413,744 | 1,411,516 | 7,722,745 | 7,370,838 | 7,370,838 | 7,624,622 | 7,303,375 | 7,624,622 | 7,303,375 | |
| Net Surplus (Deficit) | \$ 599,077 | \$ 65,972 | \$ (210,876) | \$ 81,885 | \$ (173,419) | \$ 386,249 | \$ 1,848 | \$ 78,565 | \$ 874,626 | \$ 874,626 | \$ 798,412 | \$ 874,626 | \$ 798,412 | |

The accompanying notes are an integral part of these financial statements.

District of Port Hardy
Consolidated Statement of Tangible Capital Assets
For the Year Ended December 31, 2013

Schedule 2

| | Costs | | | | | | | | | | Accumulated Amortization | | | |
|--------------------------------|-------------------|--------------|--------------------------|-------------|-----------------|-------------------|--------------|--------------|-----------------|---------------|--------------------------|---------------|---------------|--|
| | Add | | | | | Less | | | | | Add | | Less | |
| | Operating Balance | Additions | Construction in progress | Disposals | Closing Balance | Operating Balance | Amortization | Amortization | Closing Balance | 2013 | 2012 | 2013 | 2012 | |
| Land and Land Improvements | \$ 5,757,239 | \$ 890,947 | \$ - | \$ - | \$ 6,648,186 | \$ 1,478,681 | \$ 170,400 | \$ - | \$ 1,649,081 | \$ 4,989,105 | \$ 4,278,558 | \$ 4,989,105 | \$ 4,278,558 | |
| Buildings | 9,612,904 | 161,988 | - | - | 9,774,892 | 5,692,850 | 234,299 | - | 5,927,149 | 3,847,743 | 3,920,054 | 3,847,743 | 3,920,054 | |
| Furniture and Equipment | 397,093 | - | - | - | 397,093 | 394,222 | - | - | 394,222 | 2,871 | 2,871 | 2,871 | 2,871 | |
| Vehicles and Machinery | 3,745,150 | 81,823 | - | - | 3,826,973 | 2,166,466 | 175,819 | - | 2,342,285 | 1,484,688 | 1,578,684 | 1,484,688 | 1,578,684 | |
| Computer Hardware and Software | 159,982 | - | - | - | 159,982 | 137,722 | 4,947 | - | 142,669 | 17,313 | 22,260 | 17,313 | 22,260 | |
| Engineering Structures | 24,180,671 | 271,835 | - | - | 24,452,506 | 10,786,419 | 422,643 | - | 11,209,062 | 13,243,444 | 13,394,252 | 13,243,444 | 13,394,252 | |
| Roads | 13,048,951 | 52,272 | - | (13,365) | 13,087,858 | 6,030,508 | 351,840 | - | 6,382,348 | 6,705,510 | 7,018,443 | 6,705,510 | 7,018,443 | |
| Water | 16,141,480 | 48,878 | - | - | 16,190,358 | 5,058,324 | 422,928 | - | 5,481,252 | 10,709,106 | 11,083,156 | 10,709,106 | 11,083,156 | |
| Sewer | | | | | | | | | | | | | | |
| | \$ 73,043,470 | \$ 1,507,743 | \$ - | \$ (13,365) | \$ 74,537,848 | \$ 31,745,192 | \$ 1,782,876 | \$ - | \$ 33,528,068 | \$ 41,009,780 | \$ 41,298,278 | \$ 41,009,780 | \$ 41,298,278 | |

The accompanying notes are an integral part of these financial statements.

District of Port Hardy
Consolidated Statement of Accumulated Surplus
For the Year Ended December 31, 2013

Schedule 3

| | 2013 | 2012 |
|---|-----------------------------|-----------------------------|
| Surplus | | |
| Invested in tangible capital assets | \$ 39,137,109 | \$ 39,102,820 |
| Operating funds | 2,677,108 | 2,637,428 |
| | <u>41,814,217</u> | <u>41,740,248</u> |
| Reserves | | |
| Buildings | 135,984 | 134,509 |
| Computers | 20,523 | 20,301 |
| Equipment replacement | 204,802 | 202,580 |
| General capital works | 187,964 | 210,789 |
| Park development | 38,102 | 37,689 |
| Recreation facilities | 76,246 | 137,080 |
| Sidewalks and roads | 177,690 | 175,762 |
| Tax sale | 16,825 | 16,642 |
| | 858,136 | 935,352 |
| Water Reserve Fund | | |
| Water capital works | 159,051 | 157,326 |
| Sewer Reserve Fund | | |
| Sewer capital works | 310,775 | 307,405 |
| | <u>1,327,962</u> | <u>1,400,083</u> |
| Accumulated Surplus, end of year | <u><u>\$ 43,142,179</u></u> | <u><u>\$ 43,140,331</u></u> |

The accompanying notes are an integral part of these financial statements.