
Council Minutes

Council Members Present:

Mayor D. Henderson
Councillor J. Baker
Councillor T. Blanchard
Councillor L. Bursey
Councillor J. Earle
Councillor J. Fullarton

Regrets:

Councillor P. Deery
Councillor M. Kalivas
Councillor D. LeSueur

Staff:

B. Casselman, City Manager
C. Cosgrove, Director of Operations
D. Dick, Director of Corporate Services
S. MacDonald, City Clerk (Recording Secretary)
R. Nolan, Director of Economic Development
M. Noonan, Deputy Police Chief
G. Pigeon, Fire Chief
P. Raabe, Director of Environmental Services

The meeting was called to order at 5:02 pm.

MAYOR'S REMARKS

Nil.

DISCLOSURE OF INTEREST

Nil.

DELEGATIONS

1. **Brockville Railway Tunnel Project Audit Report
(KPMG, LLP)**

Moved by: Councillor Bursey

THAT the Brockville Railway Tunnel Project Audit presentation as prepared by KPMG be received.

CARRIED

Kas Rehman and Pascal Jolicoeur, KPMG LLP presented the Audit Report. (*A copy is attached to the minutes*)

2. **2017 Year-End Financial Statements and Auditors Letter**

Brent Wilson, Partner, Collins Barrow SEO LLP presented the 2017 year-end financial statements and auditors report.

3. **Report of the Aquatarium Review Committee**

Moved by: Councillor Blanchard

THAT the Aquatarium Review Committee Report be received.

CARRIED

Michael Adamcryck, Chairperson of the committee presented the committee's report to Council. He thanked the following committee members for their participation: Neil Baker, Paul Bullock, George Coombs, Patricia Kerth, John Taylor and Councillor Fullarton.

4. **Aquatarium
Request for Funding**

Moved by: Councillor Earle

THAT Council authorize funding in the amount of \$200,000 (\$150,000 to be funded from the 2019 budget Aquatarium allocation and \$50,000 in funding to be considered from the Transient Accommodation Taxes collected in 2018); and

THAT monthly passes be sold for the St. Andrew Street parking lot to increase parking revenues; and

THAT the Aquatarium financial reports be submitted to council quarterly for as long as additional funding is required.

CARRIED

Jeremy Hobbs, Chairperson, Aquatarium made a request to Council. (*A copy of the presentation is attached to the minutes*). He introduced Robin TeKamp, Vice Chair, Steve Irwin, Treasurer and Bill Rogerson, Executive Director who were in attendance.

The meeting recessed at 8:09 pm.

The meeting reconvened at 8:23 pm.

ADOPTION OF COUNCIL MINUTES

Moved by: Councillor Earle

THAT the minutes of the Council Meeting of June 26, 2018 be adopted and circulated as read.

CARRIED

CORRESPONDENCE, COMMUNICATIONS AND PETITIONS

1. **50th Anniversary
Retired Teacher of Ontario District 48 - Leeds & Grenville**

Moved by: Councillor Blanchard

THAT in recognition of the 50th Anniversary of the Retired Teachers of Ontario District 48 - Leeds & Grenville that the flag be flown at Tunnel Bay from July 30 to August 6th, 2018.

CARRIED

2. **Electric Vehicle Day and proclamation of "Electric Avenue"
Gordon McFarlane**

Moved by: Councillor Blanchard

THAT Council proclaim Saturday, August 18, 2018 as Electric Vehicle Day in Brockville; and

THAT King Street East (between Market Street East and Garden Street) be recognized as "Electric Avenue" for the day.

CARRIED

3. **Appointments to Boards and Committees
(Brockville Museum and Downtown Brockville)**

Moved by: Councillor Blanchard

THAT Council authorize the appointment of Jay Batu and Amund Christensen to the Downtown Brockville Board of Management (terms to expire November 30, 2018); and

THAT Daria Egan be removed from the Brockville Museum Board.

THAT the necessary by-law be enacted.

CARRIED

4. **Rail Safety Week
CN Police Service**

Moved by: Councillor Blanchard

THAT Council support National Public - Rail Safety Week to be held from September 23 to 29, 2018.

CARRIED

DELEGATIONS

1. **Brockville and Area Special Olympics Athletes
Special Olympics Canada 2018 Summer Games**

Regrettably, the delegation was not able to remain due to the lateness of the meeting. City Council wished the team Good Luck at the 2018 Summer Games in Antigonish, Nova Scotia.

2. **Brockville Railway Tunnel - VIA Rail Contests
(Brockville and 1000 Islands Tourism)**

Katherine Hobbs addressed Council outlining the proposed contest.

3. **Brockville Railway Tunnel - VIA Rail Contests**

Jim Rawlings provided background on behalf of the Tunnel Committee regarding the proposal to maximize and leverage the dollars from the vouchers.

STAFF REPORTS

1. **2018-086-07
Financing Options for Contributions to Brockville General Hospital,
Twin Pad Arena Project and Railway Tunnel Deficit**

Moved by: Councillor Blanchard

THAT Council receive the presentation long term financing options for the Railway Tunnel project, the contribution to the BGH redevelopment and the Twin Pad Arena Project.

CARRIED

**Brockville General Hospital
Redevelopment Project Funding Commitment**

Moved by: Councillor Blanchard

THAT City Council reconfirm the funding commitment to the Brockville General Hospital Redevelopment Project in the amount of \$4,760,000 to be paid by August 2020.

CARRIED

Railway Tunnel Project Deficit

Moved by: Councillor Blanchard

THAT the Mayor and Treasurer are authorized to secure financing up to a maximum of \$2,100,000 to fund the Railway Tunnel Project deficit; and

THAT any funds received as a result of additional fundraising be applied to the cost of borrowing.

CARRIED

Twin Pad Arena Construction Project Funding

Moved by: Councillor Blanchard

THAT Council authorize the continuation of the annual incremental increase to the funding for the Twin Pad Arena Project until a balance of \$4,000,000 is achieved.

CARRIED

2. **Economic Development Strategy**

Moved by: Councillor Fullarton

THAT Council hereby amend the Approved 2018 Municipal Budget to include the following revenue and expenses related to the Economic Development Strategy:

Revenue (Grant):

Communities in Transition Funding \$220,000

Expenditure:

Economic Development Strategy \$220,000

Net impact to the 2018 Approved Budget \$0

CARRIED

FINANCE, ADMINISTRATION AND OPERATIONS

Councillor J. Fullarton, Chair

Councillors T. Blanchard, J. Earle, P. Deery

Meeting held on July 17, 2018

FAO - CONSENT AGENDA

Councillor Earle requested that Staff Report No. 2018-084-07, Reduced Ice Rental Rate be removed from the Consent Agenda.

Moved by: Councillor Blanchard

THAT the following items, as listed on the Finance, Administration and Operations Committee agenda are recommended by the Committee to be passed by Consent Agenda

CARRIED

1. **Financing of Radio System
Police Service Board**

WHEREAS the Brockville Police Service Board has authorized the purchase of a radio system; and

WHEREAS the Board approved the allocation of \$250,000, surplus from the 2017 operation, to the purchase of the radio system and the balance being financed through a revolving lease line of credit with the Royal Bank of Canada to be expensed annually in the Brockville Police Service Board operating budget; and

WHEREAS the Lender, the Royal Bank of Canada requires a borrowing by-law authorizing the financing granted by the \$1,000,000 revolving line of credit;

NOWTHEREFORE Council approve the enactment of a by-law authorizing the Mayor and Treasurer to enter into an agreement with the Royal Bank of Canada for a revolving lease line of credit in the amount of \$1,000,000 to facilitate the purchase of a radio system for the Police Service as approved by the Police Services Board.

2. **2018-074-07
Water & Wastewater Systems - Quarterly Report (Apr. - Jun. 2018)**

THAT Report 2018-074-07 Water & Wastewater Systems Quarterly Report (Apr. – Jun. 2018) be received for information purposes.

3. **2018-082-07
Brockville Tourism Office Sale of Railway Tunnel Merchandise**

THAT Council support the proposal from Brockville Tourism regarding the exclusive sale of Brockville Railway Tunnel merchandise.

4. **2018-077-07
Ontario Municipal Commuter Cycling Program**

THAT Report 2018-077-07, Ontario Municipal Commuter Cycling Program be received for information purposes.

5. **2018-079-07**
Variance Report as at May 31, 2018

THAT Council receives the Variance Report for the period ended May 31, 2018 for information purposes.

6. **2018-078-07**
2018 Departmental Work Plans Second Quarter Report

THAT Council approve the 2018 Departmental Work Plans Second Quarter report as outlined in Schedule 1, Report 2018-078-07.
Moved by: Councillor Blanchard

THAT Council receive the Aquatarium Financial Review report as prepared and presented by the Aquatarium Review Committee.

CARRIED

7. **2018-073-07**
Implementation of Personal Electric Vehicle Charging Station

THAT a personal electric vehicle charging station be established on Blockhouse Island Parkway;

THAT Council approve a flat rate of \$1.00 per day for personal electric vehicles;

THAT the User Fee By-Law be amended.

8. **2018-081-07**
Downtown Parking Request to Amend Parking By-law 119-1989

THAT a Disabled Persons Parking space be created on the east side of Block House Island Parkway approximately 50m south of Water street and;

THAT a Disabled Persons Parking Space be created on Block House Island Parkway approximately just east of the City service building and;

THAT a 15-minute parking space be created on the east side of Buell Street approximately 45 meters north of King Street and;

THAT Schedule "11" Subsection 69 of By-law 119-89 be amended accordingly and;

That Schedule "5" Subsection 74 of By-law 119-89 be amended accordingly.

9. **2018-080-07**
2017 Annual Financial Statements and Auditor Report

That the Audited Financial Statements for the Corporation of the City of Brockville to the year-ended December 31st, 2017 be received and approved; and

That the Audited Financial Statements for the Board of Management, Downtown Business Improvement Area of the Corporation of the City of Brockville be received and approved; and

That the Audited Statements of the Corporation of the City of Brockville Trust Funds be received and approved; and

That the operating deficit of \$577,529 be appropriated from the Fiscal Policy Reserve.

That the operating surplus of \$307,174 for water be allocated to water reserves and that the wastewater surplus of \$283,106 be allocated to the wastewater reserves.

FAO - REGULAR AGENDA

1. **2018-084-07**
Reduced Ice Rental Rate

Moved by: Councillor Blanchard

THAT unsold prime time ice be marketed at a reduced rate of \$75/hr for the 2018/2019 arena season.

CARRIED

NEW BUSINESS - REPORT FROM MEMBERS OF COUNCIL

1. **2018-083-07**
Brockville Railway Tunnel - VIA Rail Contests

Moved by: Councillor Bursey

THAT Council authorize the Brockville Railway Tunnel Committee to conduct fundraising using the VIA Rail Vouchers as described in Report 2018-083-07.

CARRIED

BY-LAWS

- 051-2018 A By-law to amend 085-2014 Being a By-law to Appoint Members to Various Boards and Commissions (Museum & DBIA)
- 052-2018 A By-law to authorize the Corporation of the City of Brockville to enter into an agreement with the Royal Bank of Canada for a Revolving Lease Line of Credit for the Financing of a Radio System for the Police Service Board
- 053-2018 A By-law to authorize the Corporation of the City of Brockville to enter into an agreement with the Ontario Infrastructure and Land Corporation and the Marguerita Residence Corporation to Provide Financial Guarantees for the construction of an 85-unit affordable housing project at 11 James Street East, Brockville
- 054-2018 A By-law to Authorize the Appointment of Municipal Law Enforcement Officers and Peace Officers (St Lawrence College and Tall Ships Landing)
- 055-2018 By-law to amend By-law 006-2018, Being a By-law to Establish General Fees and Service Charges (BRTC, Arena and Parking)
- 056-2018 A By-law to Amend City of Brockville Parking By-law 119-89 (accessible parking spaces Blockhouse Island and 15 minute parking space Buell St)

READING OF THE BYLAWS

Moved by: Councillor Blanchard
Seconded by: Councillor Baker

THAT By-laws Numbered 051-2018 to 056-2018 be introduced and the same be now read a first, second and third time, signed by the Mayor and Clerk, sealed with the Seal of the Corporation and be recorded.

CARRIED

CONFIRMATORY BYLAW

Moved by: Councillor Blanchard
Seconded by: Councillor Baker

THAT By-law Number 057-2018 to confirm the Proceedings of Council at its meeting held on July 24, 2018 be read a first, second and third time, signed by the Mayor and Clerk, sealed with the Seal of the Corporation and be recorded.

CARRIED

MAYOR'S ANNOUNCEMENTS

Nil.

MEDIA QUESTION PERIOD

ADJOURNMENT

Moved by: Councillor Blanchard
Seconded by: Councillor Baker

THAT Council adjourn its proceedings until the next regular meeting scheduled for August 28, 2018.

CARRIED

The meeting adjourned at 9:45 pm.

Mayor

City Clerk



City of Brockville – Review of Tunnel Project

Findings to date

**July 24, 2018
Presentation to City Council**

Contents

1. Mandate
2. Scope of Review- What we Did
3. Findings and Observations- What We Found
 - i. Factors Contributing to the Project Deficit
 - ii. Project Approvals and Procurement
 - iii. Conflict of Interest and Ethical Concerns
4. Recommendations
5. Restrictions





Mandate

Mandate

- ❑ KPMG Forensic Inc. (KPMG) was retained by Stewart Corbett, on behalf of its client, the City of Brockville (City) to provide advisory services in connection with its review of the Brockville Railway Tunnel Project (Tunnel Project).
- ❑ KPMG was retained to review allegations of conflict of interest and ethical concerns relating to the councillor acting in his capacity as chair of the Brockville Railway Tunnel Committee (BRTC). In order to do so, it was necessary to:
 - Review the Tunnel Project activities during the current iteration of the BRTC, considering activities and achievements for fundraising efforts, budgeted and forecasted expenses, and actual expenses incurred
 - Assess the BRTC's adherence to the City's policies and procedures related to the Tunnel Project expenditures as per the Terms of Reference set out by the City for the BRTC
 - Assess BRTC's management practices





Scope of Review

What we Did:

1. We conducted interviews or consulted with:

- ✓ Members of Council and City staff, including Executive Management, Finance Department and Operations Department
- ✓ The City's external auditor
- ✓ Tunnel Project contractors/suppliers

2. We reviewed financial and other supporting information

- ✓ Council and BRTC meeting minutes , relevant by-laws and policies
- ✓ Bid documentation, budgets, invoices
- ✓ Governance of the Tunnel Project

3. We performed an email review

- ✓ relevant email evidence, including the personal email account provided voluntarily by Councillor LeSueur





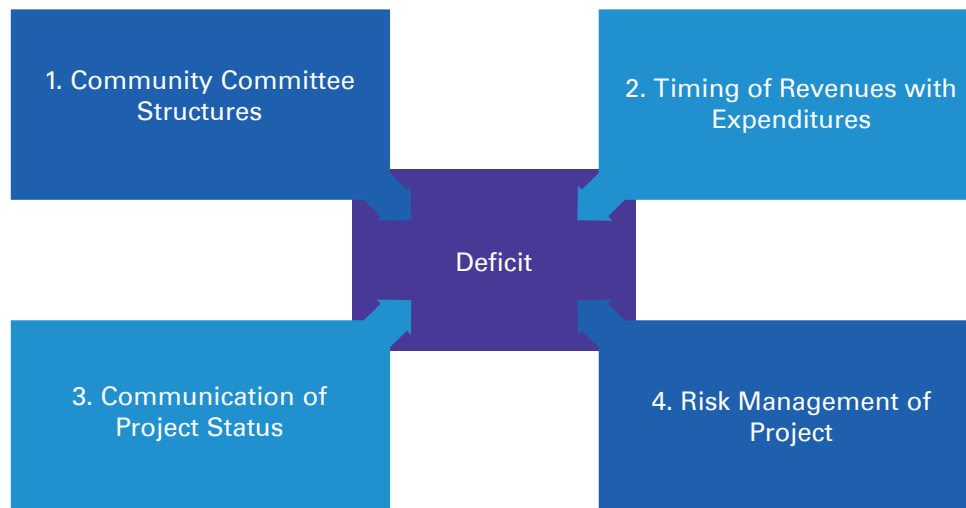
Findings and Observations

Summary of Tunnel Deficit

- ❑ In calculating the Tunnel Project's deficit we reviewed the expenditures recorded by the City and the fundraising updates communicated by the BRTC:

Summary of Tunnel Project Deficit	
As of February 28, 2018	
Project expenses incurred	5,348,084
Budget as of November 2016	3,975,000
Cost overruns	1,373,084
Fundraising goal as of November 2016	3,975,000
Funding (grants, pledges, donations)	3,301,313
Funding shortfall	673,687
Deficit	2,046,771

Factors Contributing to Project Deficit



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1. Community Committee Structures

- ❑ The BRTC was a unique community-led committee, given the evolving scope of the project, challenges and uncertainty with a tunnel restoration, its multi-million dollar budget, and the presence of a Council member as chairperson
- ❑ Committee Terms of Reference did not reflect the unique challenges of the project
- ❑ Community-led projects are not exempt from financial risk for the City given that:
 - The capital assets will be transferred in ownership to the City, upon completion. Any issues in their development could result in future liabilities.
 - The City is assuming financial risk when it finances the projects, based on pledged amounts, as any pledges that are ultimately not paid would result in project deficits that they could be liable for in the future.
- ❑ As such, stewardship and management of community-led projects should remain consistent with City by-laws and processes
- ❑ The BRTC project management requirements were not properly scaled for a project with the size and scope of the Tunnel Project

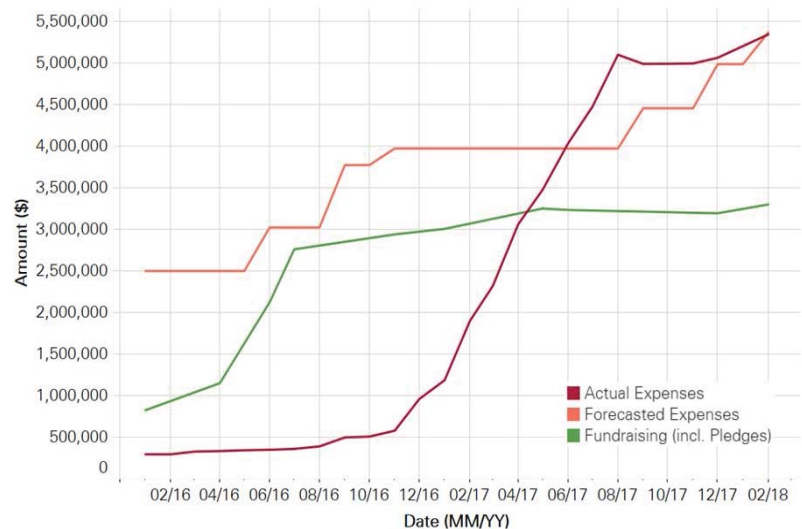


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2. Timing of Revenues with Expenditures

- ❑ Total costs exceeded fundraised amounts in April 2017.
- ❑ Fundraising efforts were extremely effective from April through July 2016 (approximately \$1.6M). After July 2016, only an additional \$500K was raised through pledges.
- ❑ After June 2017 up to February 2018, pledges received were minimal
- ❑ During the summer of 2017, when change orders and amendments were approved increasing the forecasted cost, fundraising amounts were not increasing at a rate that would support the notion that there would be no budget impact to the decisions.



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3. Communication of Project Status

- ❑ Based on interviews conducted and through our review of documents, the deficit was not reported to Council, and could not be calculated by the Finance Department until November 2017.
 - Information required to calculate current and forecasted project status (total pledges, donations received, contracts and change orders, expenses incurred) were held separately and not reviewed centrally
- ❑ We noted gaps in disclosures to Council and the Finance, Administration and Operations Committee (FAOC) throughout the project as it related to fundraising, consultant fees, cost overruns, and changes in scope during the project:
 - Changes in the scope of the project were approved by the BRTC without Council's involvement
 - Cost overruns that accumulated during the Tunnel Project, especially in 2017, were not formally disclosed to Council until January 2018.
- ❑ We note that financial variance reports were provided to the FAOC which could have indicated the presence of cost overruns, but these lacked detail and did not identify negative project balances as negative variances.



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4. Risk Management of Project

- ❑ A lack of sound project risk management practices, clear Terms of Reference for the BRTC, and certain decisions taken in relation to the planning of the Tunnel Project resulted in:
 - Limited visibility of the Tunnel Project for Council, and to a lesser extent, both the BRTC and City staff
 - Undefined responsibilities related to the collection and reporting of key project information
- ❑ The Tunnel Project represented a significant capital project with additional risk as management of the project resides outside of Council and City staff. Monitoring related to the project is a critical risk management tool to ensure issues are identified in a timely fashion.



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Project Approvals and Procurement Process

Project Approvals and Procurement Process

- ❑ On April 12, 2016, Council approved the vision, plans, and budget of the BRTC for the Tunnel Project as well as several motions, including the following:

“THAT the City Manager be authorized to award components of the work on the basis of offers of monetary or “in-kind” donations towards the project;” - City of Brockville Council Minutes – April 12, 2016

- ❑ In passing this motion, it could be interpreted that Council provided authorization to City Staff, to approve, on behalf of Council, sole-sourced contracts, without going through a formal RFP process, on the basis of the contractor being willing to offer in-kind donations to the project.
- ❑ The motion did not specify a level of discount that would be required to be considered an in-kind donation.



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Project Approvals and Procurement Process

- ❑ The BRTC and the City followed a competitive RFP process for awarding project components to the various engineering/consulting firms and other suppliers involved in the planning phase of the Tunnel Project.
- ❑ A competitive RFP process was completed to select the contractor for the tunnel masonry repairs.
- ❑ Procurement for the lighting and electrical infrastructure was sole sourced by the City.
- ❑ Electrical infrastructure was approved by City staff with reference to the in-kind donation motion.
- ❑ Council approval was granted for the lighting component of the project, in-line with the City’s procurement by-laws.



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Conflict of Interest and Ethical Concerns



Recommendations

Recommendations

1) Terms of Reference: Establish clear terms of reference for community-led committees that define:

- ☐ Roles of all parties involved, including committee members, Council, Operations Department, and Finance Department
- ☐ Clear definition of reporting requirements from all parties
- ☐ Reference to key policies the committee must adhere to
- ☐ Definition of committee spending limits and signing authorities
- ☐ Additional monitoring and reporting requirements for larger and/or higher risk projects based on Council based discussions

2) Finance involvement: Ensure that City staff support for community-led committees include a representative from the Finance Department.



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Recommendations (Cont'd)

3) Financial reporting: Formalized periodic financial reporting submitted quarterly during development phases, and monthly during construction phases. Reports should include:

- ☐ Fundraising, with pledged amounts
- ☐ Actual funds received to date
- ☐ Expenses incurred to date
- ☐ Forecasted expenditures to project completion

4) Capital Variance Reports: The City should review the methodology used in determining the variances in the Capital Variance Reports provided to the FAOC to ensure that material project balances be identified as variances, regardless of assertions made by project owners. In addition, variance balances above a certain threshold should be required to be discussed at FAOC meetings.

5) Financial indicators: Establish financial indicators to be used by Council and City staff as a point at which future activities on the project should be discussed.



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Recommendations (Cont'd)

6) Motions for in-kind donations: Council should consider not approving motions that provide authority to procure contracts solely based on the offer of in-kind donations. If such motions are approved, Council should ensure the motion provides a clear framework that ensures that the in-kind donation results in a lower bid than the contractor/suppliers competitors.

7) Project development: Council should consider the requirement for an invitation to submit development concepts during the project development stage, to establish the complete project vision prior to the initial budget establishment.

8) Conflict of interest disclosures: The City should consider conducting a review of its conflicts of interest disclosure policies and procedures and the communication of said policies and procedures to its Council, staff, and committee members.



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Restrictions

Restrictions

- ❑ Our presentation was prepared for Stewart Corbett and the City, for the purpose of determining further courses of action with respect to the review of the Tunnel Project. It is not intended for general use, circulation, or publication outside of the City. This presentation is for discussion purpose only. For the avoidance of doubt our presentation may not be disclosed, copied, quoted, or referred to in whole or in part, whether for the purposes of litigation, disciplinary proceedings, or otherwise, without our prior written consent in each specific instance. Such consent, if given, may be on conditions, including without limitation an indemnity against any claims by third parties arising from release of any part of our reports. We will not assume any responsibility or liability for any costs, damages, losses, liabilities, or expenses incurred by you or anyone else as a result of the circulation, publication, reproduction, use of, or reliance upon our presentation, contrary to the provisions of this paragraph.
- ❑ Comments in our presentation are not intended, nor should they be interpreted to be, legal advice or opinion.
- ❑ In preparing our presentation, we relied upon our draft report, dated July 18, 2018 which contained certain unaudited financial information. Although we considered the reasonableness of all financial information provided to us, we did not conduct any audit or other verification procedures with respect to this information.
- ❑ This presentation and the comments and observations expressed herein are valid only in the context of our draft report, dated July 18, 2018 . Selected comments or observations should not be examined outside of the context of the report in its entirety.



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Aquatarium Funding Request

Presentation to City Council

Jeremy Hobbs, AQ Chair

July 24, 2018



Background

- On December 21, 2017, the founding partners – the City of Brockville and Bytown Brigantine – signed the founding bylaw for the Aquatarium (AQ) not-for-profit.
- On March 26, 2018, the AQ Steering Committee, which had guided the project through to a successful opening and beyond, was dissolved and the Board of Directors was formally appointed
- This completed the formal transition from the project of developing and opening the Aquatarium to the ongoing operation the Aquatarium as a not-for-profit corporation.
- The Board of Directors is now fully constituted with twelve members according to the bylaw and is now focused on building the policy and process 'infrastructure' needed to sustainably operate the Aquatarium.

Current Status

- In the first year of operation in 2016, gate revenue exceeded forecasts from the 2010 sustainability report by 240%. In 2017, gate revenue declined substantially but still posted a positive variance compared to the 2010 report.
- 2018 visits sit currently at approximately 73% of 2017 numbers – a decline that was not unanticipated.
- Despite this decline in visits, the AQ is at 89% of 2017 revenues as a result of outperforming budget in other areas such as facility rentals and camp programs

Expense Reduction

- The AQ Steering Committee, when setting its 2018 budget was aware of the escalating financial pressures arising primarily from the ongoing process of settling on a 'steady state' rate of visitation.
- The challenge at the time was balancing the need for immediate expense reductions with a desire to avoid crippling key strategic capabilities
- Second, the costs to operate the AQ do not vary directly with the number of visits. In other words, operating costs are substantially fixed.
- Expense reduction measures were put in place
 - Eliminated fundraising / development position and other permanent staff compared to 2017 (approx. value \$98,000)
 - Reduced marketing budget by \$45,000 compared to 2017
 - Reduced budget for exhibit maintenance by \$42,000 compared to 2017
 - Refrain from filling vacancies emerging in 2018 (including financial/HR role, visitor experience role and potentially volunteer coordinator)
 - Job sharing and cross training (eg Aquaria and ropes course) has permitted in-year efficiencies of approximately \$16,000
- Expense reduction efforts have been mitigated somewhat by opposing pressures to increase brought about by Bill 148 (\$28,000 annually) and escalating utilities costs

Imperatives for the new Board

1. Put governance and management structures in place to ensure smooth and sustainable oversight. This immediately needs to focus on getting better management intelligence regarding financials.
2. Clarify mission and vision – what is the purpose of the Aquarium within the community and how will it achieve those ends?
3. Create room for investments in strategic capabilities – in recent months, expenses related to marketing, exhibit maintenance and fundraising have been cut because they do not interrupt core operations but they do impact long-term sustainability

City Support

- While the Aquarium Board is invested in achieving maximum self-sufficiency, City financial support has been needed and will continue to be needed while we work toward sustainability
- It is our intention to work with the City as a partner:
 - Realism: we want to be ruthlessly realistic when it comes to our appraisal of the current and future state
 - Predictable: we want to give our partners a long term view into what's coming for the future so they can adequately plan
 - Reliable: we want to make sure we deliver on our commitments and make sure what we say comes to fruition

City Funding 2017-2018

- On December 5, 2017 Council voted to provide an additional \$200,000 in funding to the AQ
- In April 2018, a delegation from the Aquatarium brought forth a request for an additional \$400,000 in funding support for 2018.
- Recognizing the threat to the Aquatarium's ability to sustain operations in slow periods of the year, Council granted \$200,000 in funding support with discussion of a subsequent presentation in July to consider further support.

Outlook for 2018

- The Aquatarium Board and Staff have reviewed again the financial outlook for 2018 in light of another three months of actual visitation and expense data since the last request.
- It is expected that depending on Fall performance and all other things being equal, the Aquatarium will be short \$200,000 to \$250,000
- Given that in April, Aquatarium Board and staff signaled only a likely need for a further \$200,000 in July of 2018, the team is requesting cash flow support for \$200,000 and has initiated an immediate internal review to either replace the remaining \$50,000 or reduce expenses accordingly
- It is anticipated that this amount would be required in the September – October timeframe.

Summary

- The Aquatarium is in the early days of a transition to a sustainable operating model after an opening that outperformed projections.
- The AQ Board of Directors is committed to developing a strategic approach to achieve sustainable operations.
- This has been somewhat complicated by near-term cashflow issues as visits, the primary source of revenue have declined toward more steady-state levels
- For 2018, the Board of Directors is anticipating a cumulative cashflow issue of \$200-\$250,000 for the remainder of 2018 with monthly shortfalls beginning in the September timeframe.
- The Aquatarium Board of Directors is requesting City provide funding assistance of \$200,000 in the September-October timeframe either as lump sum or as a succession of 'draws'

Thank You

