

DATE: January 21, 2020

FILE: 1700-02/2020/Function 237

TO: Chair and Directors
Electoral Areas Services Committee

Supported by Russell Dyson
Chief Administrative Officer
R. Dyson

FROM: Russell Dyson
Chief Administrative Officer

RE: 2020 - 2024 Financial Plan – Greater Merville Fire Protection – Function 237

Purpose

To provide the Electoral Areas Services Committee with the proposed 2020 - 2024 Financial Plan and work plan highlights for the Greater Merville Fire Protection Service, function 237

Recommendation from the Chief Administrative Officer:

THAT the proposed 2020 – 2024 Financial Plan for the Greater Merville Fire Protection Service, function 237, be approved.

Executive Summary

The proposed 2020-2024 Financial Plan includes the following key aspects:

- A residential tax rate of \$0.4699 per \$1,000 of assessed value, which is an increase of \$0.0245 compared to 2019.
- 2020 tax requisition of \$415,000 which is an increase of \$25,000 over 2019.
- Personnel costs of \$39,018 in 2020 which is an increase of \$18,511 over 2019;
 - Increase largely attributed to allocating a portion of the new position personnel costs of the Deputy Chief in charge of training for Oyster River Fire Rescue.
- Total operating expense of \$347,450 in 2020 which is an increase of \$20,341 over 2019;
 - Increase largely attributed to fire hall pre-construction costs including: design and cost refinement, referendum and legal
- Capital expenditures of \$2,140,000 which is an allowance for the pre-construction and construction costs of the auxiliary fire hall to be funded by interim financing.
- Contributions to reserves of \$17,425 in 2020 which is a decrease of \$31,584 from 2019.

This proposed Financial Plan provides for the pre-construction, elector assent and construction of an auxiliary fire hall within the service area.

Prepared by:

Concurrence:

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Stakeholder Distribution (Upon Agenda Publication)

City of Courtenay	✓
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Board Strategic Drivers

The Comox Valley Regional District (CVRD) Board has set four strategic drivers to guide service delivery. Not all services will be influenced by all drivers. Table 1 notes the degree of influence the drivers have on projects and work plans.

Table 1: Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> • Service provision by way of agreement, utilizing an existing fire department provides for efficiencies and economies of scale. 	<p>Climate crisis and environmental stewardship and protection:</p> <ul style="list-style-type: none"> • Service provides protection to address increase in wildfire risk as a result of climate change
<p>Community partnerships:</p> <ul style="list-style-type: none"> • Fire protection service currently provided by way of service agreement with the City of Courtenay. • Planned auxiliary fire hall with Oyster River Fire Rescue as main department. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • This service is not significantly influenced by this driver

Core Services: Regional Emergency Services

The work-plan proposed within this financial plan is captured within the identified Core Services that the regional district delivers and is highlighted in Appendix A


Financial Plan Overview

A major component of the proposed 2020-2024 Financial Plan is the City of Courtenay’s submission for fire protection services which is attached as Appendix B.

The 2020 - 2024 proposed five-year Financial Plan for Greater Merville Fire Protection Service, function 237, including service establishment information, the requisition summary and the operating and capital budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD Financial Plan web page at www.comoxvalleyrd.ca/currentbudget.

Table 2 summarizes the 2020 proposed budget as compared to the 2019 adopted budget. Significant variances from 2019 adopted budget will be discussed in the Financial Plan sections that follow.

Table 2: Financial Plan Highlights

 2020 Proposed Budget			
#237 Greater Merville Fire Protection			
Operating	2019 Budget	2020 Proposed Budget	Increase (Decrease)
Revenue			
Requisition	390,000	415,000	25,000
Other Revenue / Recoveries	0		-
Prior Years Surplus	41,195	68,393	27,198
	\$ 431,195	\$ 483,393	\$ 52,198
Expenditures			
Personnel Costs	20,507	39,018	18,511
Operating	327,109	347,450	20,341
Referendum Costs	10,000	10,000	-
Transfer to Other Functions	24,570	37,000	12,430
Contribution to Reserve	49,009	17,425	(31,584)
Debt Charges	0	32,500	32,500
	\$ 431,195	\$ 483,393	\$ 52,198
Capital			
Funding Sources			
Short Term Debt Proceeds	0	2,000,000	2,000,000
Transfer from Reserve	380,000	140,000	240,000
	\$ 380,000	\$ 2,140,000	\$ 2,240,000
Funding Applied			
Capital Projects & Equip	380,000	2,140,000	1,760,000
	\$ 380,000	\$ 2,140,000	\$ 1,760,000

Highlights of the 2020 - 2024 proposed Financial Plan for function 237 include:

Revenue Sources

- The proposed 2020 tax requisition of \$415,000 which is an increase of \$25,000 over 2019.
 - Increase is largely attributed to fire hall pre-construction costs including design and cost refinement, referendum and legal.
- Prior year’s surplus carry forward from 2019 estimated at \$68,393
- Staff continues to research possible grant funding opportunities for this service

Personnel

- Personnel costs of \$39,018 in 2020 which is an increase of \$18,511 over 2019;
 - Increase largely attributed to allocating a portion of the new position personnel costs of the Deputy Chief in charge of training for Oyster River Fire Rescue.
 - A portion of administrative assistant cost is now allocated to fire services;
- A portion of personnel costs attributed to Manager of Fire Services is allocated to this service.

- A portion of the personnel costs of the Fire Chief and Deputy Chief of the Oyster River Fire Rescue department.

Operations

- Total operating expense of \$347,450 in 2020 which is an increase of \$20,341 over 2019;
 - Increase largely attributed to fire hall pre-construction costs including design and cost refinement, referendum and legal
 - Training and protective gear for the new recruits.
 - Increased service agreement costs with the City of Courtenay.

Capital

Staff have entered into a Memorandum of Understanding with the Mountaineer Avian Rescue Society (MARS) confirming the intent to lease a portion of their property for the site of an auxiliary fire hall. Pending a successful elector assent process, the regional district will enter into a lease with MARS and begin construction of the fire hall.

Capital expenditures for 2020 are detailed in Table 3.

Table 3: Capital Projects

Project Description	Budget year	Anticipated cost	Anticipated schedule
Auxiliary fire hall preconstruction <ul style="list-style-type: none"> • Project coordinator costs • Building design and cost estimates • To inform the elector assent process • To be funded by transfer from reserves 	2020	\$50,000	Spring 2020
Auxiliary fire hall project construction costs <ul style="list-style-type: none"> • Pending successful elector assent process • Construction of fire hall on leased property • To be funded by interim financing 	2020	\$1,250,000	Summer/Fall 2020
Auxiliary fire hall project equipment costs <ul style="list-style-type: none"> • Pending successful elector assent process • Equipment and fire trucks for fire service • To be funded by combination of interim financing and transfer from reserves 	2020	\$810,000	Winter 2020
Water supply tank installation <ul style="list-style-type: none"> • Carried forward from 2019 • To be funded by transfer from reserves 	2020	\$30,000	Summer 2020
Total		\$2,140,000	
All projects approved in the Financial Plan will be procured in accordance with Bylaw No. 510 being “Comox Valley Regional District Delegation of Purchasing Authority Bylaw No. 510, 2018” and the Board approved Procurement Policy.			

During 2020, cost estimates for land purchase, land improvements, hall construction and equipment purchases will be refined. Those refined values and the estimated taxation impact will be presented at a community meeting prior to the elector assent process. It is important to bear in mind that the community will measure the costs and benefits of proceeding with the auxiliary fire hall project.

A sustainable asset funding model for this service will be developed as the capital items are acquired.

Reserves

- Contributions to reserves of \$17,425 in 2020 which is a decrease of \$31,584 from 2019

The estimated opening 2020 capital reserve fund balance is \$437,257 which includes funds transferred from the former improvement district.

Table 4 illustrates the anticipated capital reserve contributions and annual balances based on the recommendations of the proposed 2020-2024 Financial Plan.

Table 4: Capital Reserve Fund Status

Capital reserve (machinery & equipment) activity	2020	2021	2022	2023	2024
Beginning balance	\$437,257	\$307,182	\$307,182	\$321,924	\$331,841
Contributions to reserve	\$9,925	\$0	\$14,742	\$9,917	\$0
Applied to capital	(\$140,000)	\$0	\$0	\$0	\$0
Estimated balance at year end	\$307,182	\$307,182	\$321,924	\$331,841	\$331,841

Debt Charges

- Debt servicing costs of \$32,500 in 2020 as construction begins and interim financing is utilized.
- Debt servicing costs of \$109,625 in 2021 as the fire hall and equipment are completed.

Tax Impacts

The 2020 - 2024 Financial Plan indicates the following residential tax impact:

- Based on the 2020 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.4699 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.4454 per \$1,000 of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$234.95.

Citizen/Public Relations

The Greater Merville Fire Protection Service provides protection for approximately 1,400 properties within the local service area.

Referendum Communications

- Staff have developed a communications plan which includes a mail out to each property owner within the service area, a community meeting as well as a dedicated webpage with FAQs.
- The mail out and webpage to convey key points regarding the development of an auxiliary fire hall and the requirement for elector assent to borrow funds for construction.
- This mail out and webpage are in addition to the legislated requirement for advertising and notice for the elector assent process.

Attachments: Appendix A – “Core Service: Regional Emergency Services”
Appendix B – “City of Courtenay Submission”



Core Service: Regional Emergency Services

CVRD Regional Emergency Services provides Comox Valley wide collaboration and coordination of emergency management under the four pillars of emergency management – mitigation/prevention, preparedness, response and recovery.

The CVRD activates and operates the regional emergency operation centre in emergency situations.

Several rural and community fire department services (under a volunteer fire fighter model) are delivered through CVRD.

Key service outcomes:

- ✓ Emergency prevention and mitigation
- ✓ Emergency Operations Centre preparedness
- ✓ Business and resident emergency preparedness
- ✓ Support for emergency staff and volunteers
- ✓ Resilient communities
- ✓ KFN partnerships
- ✓ Emergency food supply preparedness and recovery

Initiatives (Proposed for 2020-2024 budget)

Key Projects	Strategic Drivers	Costs	Public Engagement	Timing
1. Completion of the new Regional Emergency Operations Centre	F, C, P	\$		2020
2. Preparation for 2020 earthquake emergency functional exercise *	F, P, I	\$\$\$		2020
3. National Disaster Mitigation Program – Flood Risk Mapping for entire CVRD Coastline, in collaboration with CVRD Planning *	C, P, I	\$\$		2020
4. Consideration of Merville and Mount Washington fire service buildings	F, P	\$\$\$		2020 - 2022
5. Community Fire Smart Program and wildfire protection planning	F, C, P	\$		2020 - 2022
6. Exploration of available space for volunteers (Search and Rescue)	P	\$		2021

* - depends on partner collaboration and advocacy with partners is encouraged

Strategic Drivers: F = fiscal responsibility; C = climate crisis; P = community partnerships; I = Indigenous relations

COURTENAY VOLUNTEER FIRE DEPARTMENT
 SCHEDULE OF FIRE PROTECTION EXPENDITURES FOR BILLING in YEAR 2020

ADJUSTMENTS TO COSTS SHARED ON BASIS OF RELATIVE ASSESSMENT

Net Shareable Fire Protection Costs [A] 1,881,221

CITY OF COURTENAY FIRE PROTECTION SERVICES
 YEAR 2020 APPORTIONMENT OF COSTS BASED ON 2019 APPROVED BUDGET
 And Adjustment to Actual for 2018 Calendar Year

AREA	2019	%	2020	FIRE INSPT	2020	Projected Billing				
	NET TAXABLE ASSESSED VALUE					APPORTIONMENT OF COSTS	COSTS	BILLING	2021 2%	2022 2%
Courtenay Fire Protection District	1,438,539,895	17.47%	X [A] 328,711	68,866	62%	397,577	405,529	413,639	421,912	430,350
Greater Merville Fire Protection District	898,101,093	10.91%	X [A] 205,219	42,994	38%	248,213	253,177	258,241	263,406	268,674
Merville Fire Protection District (now CVRD)		0.00%	X [A] 0	0	0%	0	0	0	0	0
Tsolum Farnham FPD		0.00%	X [A] 0	0	0%	0	0	0	0	0
City of Courtenay	5,896,147,236	71.62%	1,347,290			1,347,290	1,374,236	1,401,721	1,429,755	1,458,351
	8,232,788,224	100.00	\$1,881,221	\$111,860		\$1,993,081	\$2,032,943	\$2,073,601	\$2,115,073	\$2,157,375