

DATE: September 29, 2020**FILE:** 1700-02/2020/215**TO:** Chair and Directors
Regional District Board**FROM:** Russell Dyson
Chief Administrative OfficerSupported by Russell Dyson
Chief Administrative Officer*R. Dyson***RE: 2020 - 2024 Financial Plan – Denman Island Fire Protection, Function 215
Budget Amendment**

Purpose

To provide an update to the planned capital purchase of a water tanker truck for the Denman Island fire protection service and to request an amendment to the 2020-2024 financial plan in order to complete the purchase in this fiscal year.

Recommendation from the Chief Administrative Officer:

THAT the 2020-2024 financial plan and capital expenditure program for the Denman Island fire protection service (function 215) be amended by increasing the vehicle purchase in 2020, project #1030 by \$25,000 to a maximum of \$175,000 to accommodate the purchase of a water tanker truck;

FURTHER THAT the purchase of the water tanker truck be funded by transfer from capital reserve funds for this service.

Executive Summary

The capital purchase of a used tanker truck at \$150,000 is included in the approved 2020-2024 financial plan and is required to accomplish Superior Tanker Shuttle Service (STSS) which provides the potential for reduced residential fire insurance premiums in the area.

Staff conducted two separate request for quotation (RFQ) processes through the summer of 2020 with neither RFQ receiving a compliant offer. Further research indicates that good quality second hand water tanker fire trucks for sale are rare with increasing prices reflecting that rarity.

Recently, staff became aware of a suitable tanker truck in the USA. Given the rarity of finding suitable second hand water tanker trucks and the competitive interest in this available unit, staff have committed to this purchase through the issue of a purchase order of \$14,000 to secure the unit. This was to avoid expected further cost increases if the purchase was required to be delayed until 2021 and the possibility of not finding another suitable unit in the next year.

The tanker truck purchase price is \$147,850 plus PST for a total cost of \$158,200 net of GST rebate. Staff is recommending that the financial plan is amended to a total budget of \$175,000 which provides funding for the truck purchase and additional allowances for any additional equipment or upgrades that may be needed to facilitate STSS accreditation. Used trucks from other jurisdictions often require additional modifications to meet local standards.

Additionally, staff are recommending that the funding for this purchase is amended from the borrowing to the use of capital reserves. The estimated balance of the Denman Island fire service capital reserve at the end of 2020 is \$229,685 therefore there is sufficient funding within this reserve to fund the purchase.

The estimated annual debt payment costs of \$32,753 over five years that were originally planned for this purchase will be re-invested to replenish the capital reserve balance and minimize borrowing on other future planned projects including the \$450,000 fire engine replacement.

Prepared by:

J. Bast

James Bast
Manager of Fire Services

Concurrence:

D. DeMarzo

Doug DeMarzo
General Manager of
Community Services