

DATE: January 11, 2019**FILE:** 1700-02/2019/230**TO:** Chair and Directors
Black Creek Oyster Bay Services Committee**FROM:** Russell Dyson
Chief Administrative OfficerSupported by Russell Dyson
Chief Administrative Officer***R. DYSON*****RE: 2019 - 2023 Financial Plan – Black Creek-Oyster Bay Fire Protection –
Function 230****Purpose**

To provide the Black Creek/ Oyster Bay Services Committee with the proposed 2019 - 2023 Financial Plan and work plan highlights for the Black Creek/Oyster Bay Fire Protection Service, function 230.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2019 - 2023 financial plan for Black Creek/Oyster Bay Fire Protection Service function 230 be approved.

Executive Summary

The proposed 2019 – 2023 financial plan is based on the following key aspects:

- A total tax requisition of \$705,000 in 2019 which is an increase of \$15,000 from 2018.
 - Revenue from other functions of \$62,939 being a contribution from the Mt. Washington Resort and Merville Fire Protection Services
- Personnel costs of \$232,622 in 2019 which is an increase of \$6,284 from 2018 for cost of living increases and the impact of the new Employer Health Tax.
- Total operating budget of \$376,273 in 2019 which is an increase of \$32,686 over 2018. Increase in costs is a reflection of the increased revenue from the other services noted above.
- Capital expenditure of \$57,500 in 2019 which is an increase of \$12,500 over 2018 to fund a transport van, upgrades to training building and turnout gear washing machine.
- Contribution to reserve of \$27,965 in 2019 which is a decrease of \$19,165 from 2018.

Prepared by:

Concurrence:

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Manager of Fire Services***D. DeMarzo***Doug DeMarzo
Acting General Manager of
Community Services**Stakeholder Distribution (Upon Agenda Publication)**

Oyster River Volunteer Fire Rescue Association	✓
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Policy Analysis

- Service established with adoption of Bylaw No. 1964, being the “Black Creek/Oyster Bay Fire Protection Local Service Area Conversion/Establishment Bylaw No. 1964, 1997”.

- The maximum levy for defined portion of Electoral Areas C and D of the Regional District of Comox Strathcona, is the greater of \$301,629 or \$1.00 per \$1,000 of assessed value.
- The Comox Valley Regional District (CVRD) has a service agreement with the Oyster River Volunteer Fire Rescue Association (ORVFRA).
- ORVFRA provides financial administration of operational grant funding and community engagement services.
- This service agreement has a term of five years ending June 2019.
- CVRD board endorsed the following:
 - THAT the Comox Valley Regional District provide fire protection services to the Mount Washington fire protection local service area by way of the Black Creek/Oyster Bay fire service and the Oyster River Volunteer Firefighters Association;
- CVRD board endorsed the following:
 - THAT a partnership between the Black Creek – Oyster Bay Fire Protection Service and the Greater Merville Fire Protection Service be approved that provides firefighter training for Merville volunteers on a cost-recovery basis;
 - AND FURTHER THAT annual financial plans incorporate a cost-recovery for volunteer recruitment and training in the Greater Merville Fire Protection Service at \$1,100 per recruit, to be determined at the end of each calendar year.

Financial Plan Overview

A major component of the proposed 2019 budget is the operational grant which is based on the ORVFRA budget submission attached as Appendix A. The ORVFRA budget submission for the estimated additional cost to provide service to the Mount Washington resort community is included as Appendix B. These two submissions were combined, with the total cost apportioned based on assessed values, to form the total operational grant to the Black Creek Oyster Bay Fire Protection Service.


The ORVFRA also provides firefighter training services to the Greater Merville fire protection service. The costs for these services are captured in the Greater Merville fire protection service proposed 2019-2023 financial plan and paid to the Black Creek Oyster Bay Fire Protection Service.

The proposed 2019-2023 financial plan includes:

- The proposed 2019 budget total tax requisition of \$705,000 which is an increase of \$15,000 over 2018.
 - Note: the approved 2017-2021 financial plan included a 2019 requisition of \$708,000 prior to inclusion of Mt Washington.
- Revenue from other functions of \$62,939 in 2019 for:
 - Mt. Washington Fire Protection Service for provision of fire protection.
 - Greater Merville Fire Protection Service for provision of firefighter training services.
- The maximum tax requisition permissible for 2019 is approximately \$1,019,179.

Table 1 below summarizes the 2019 proposed budget as compared to the 2018 adopted budget. Significant variances from 2018 adopted budget will be discussed in the financial plan highlights section below.

Table 1: Financial Plan Highlights



2019

Proposed Budget

#230 Black Creek/Oyster Bay Fire

Operating	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Revenue			
Requisition	690,000	705,000	15,000
Other Revenue/Recoveries	51,040	62,939	11,899
Prior Years Surplus	20,337	13,243	(7,094)
	\$ 761,377	\$ 781,182	\$ 19,805
Expenditures			
Personnel Costs	226,338	232,622	6,284
Directors Remuneration	1,648	1,648	-
Operating	343,587	376,273	32,686
Contribution to Reserve	47,130	27,965	(19,165)
Debt Charges	142,674	142,674	-
	\$ 761,377	\$ 781,182	\$ 19,805
Capital			
Funding Sources			
Transfer from Reserve	45,000	57,500	12,500
	\$ 45,000	\$ 57,500	\$ 12,500
Funding Applied			
Capital Projects & Equip	45,000	57,500	12,500
	\$ 45,000	\$ 57,500	\$ 12,500

The 2019 - 2023 proposed five-year financial plan for Black Creek – Oyster Bay Fire Protection service, including 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.

Highlights of the 2019 - 2023 proposed financial plan for function 230 include:

Revenue Sources

The proposed 2019-2023 financial plan includes:

- Total tax requisition of \$705,000 in 2019 which is an increase of \$15,000 over 2018:
 - Largely attributed to increased personnel, training and professional development costs.
 - Note: tax requisition is not affected by either Mt Washington, or Merville as costs of those services are recovered directly by the Black-Creek-Oyster Bay fire protection service.
- Recoveries from other function of \$62,939 represents the share of costs recovered from the Mt Washington Resort Community Fire Protection Service and the Greater Merville Fire Protection Service. This revenue has increased \$11,899 from 2018.
- Prior year's surplus of \$13,243 is estimated at this time.

Personnel

The proposed 2019-2023 financial plan includes:

- Personnel costs of \$232,622 in 2019 and includes:
 - A portion of the fire chief and deputy personnel costs are recovered from the Mt Washington fire protection service.
 - A portion of the personnel costs attributed to the Manager of Fire Services are apportioned to this service.

Operations

The proposed 2019-2023 financial plan includes:

- Total operating budget of \$376,273 in 2019 which is an increase of \$32,686 over 2018.
 - Largely attributed to the increased cost to provide services to Mt. Washington Resort Community and Greater Merville Fire Protection services.
 - Increased costs are offset by revenue from these functions.

Capital

The proposed 2019 budget and capital expenditure program includes:

- Capital expenditure of \$57,500 which is an increase of \$12,500 over 2018 and includes transport van, upgrades to training building and turnout gear washing machine.

The proposed 2019-2023 financial plan also includes capital purchases in future years, specifically:

- Installation of a fire hydrant on the training grounds in 2020.
- Purchase of training aids in 2020 and 2021.
- Replacement wildfire pumps in 2022.
- Replacement of the self-contained breathing apparatus in 2023.

Asset Management Plan

Staff has developed an asset management plan (AMP) for the Black Creek/Oyster Bay Fire Protection Service. The AMP is a long range planning tool used to anticipate future capital purchases and to identify future capital replacement obligations for the service.

Discussions with the Fire Chief and officers of the fire department identified major capital assets and their respective life-cycle, expected replacement cost, and estimated annual contributions to capital reserve required to fully fund their replacement at the time they are needed. Black Creek/Oyster Bay Fire Protection Service asset management plan is attached as Appendix C.

Funding Options:

In the context of the AMP, staff has identified three possible options for the accrual of funds to meet future capital replacement obligations. Specifically:

- Today's taxpayers may be engaged to provide funding to meet future capital replacement obligations. This could be accomplished by increasing the tax requisition of 2018 and subsequent years, sufficiently to fund the capital replacements in the year that they are anticipated.
- Future taxpayers may be engaged to provide funding to meet future capital replacement obligations. This could be accomplished by way of the financing of capital replacements in the year that they are acquired with tax requisitions increased at that time to service the debt.

- A combination of today's and future taxpayers may be engaged to provide funding to meet future capital replacement obligations. This could be accomplished by engaging today's taxpayer to fund a portion of the capital replacement obligation, recognizing that future taxpayers will be required to fund the remaining costs.

In the context of the AMP, to fully fund future capital replacement obligations for the service by way of "today's taxpayers" the contribution to capital reserve would need to be increased by approximately \$299,800 in 2019 which is not being recommended in this report.

Staff will seek board direction regarding the funding of unfunded future capital replacement obligations in a future staff report.

Reserves

The proposed 2019-2023 financial plan includes;

- Contribution to reserve of \$27,965 in 2019 which is a decrease of \$19,165 from 2018.

The Black Creek/Oyster Bay Fire Protection Service has an estimated capital reserve balance of \$162,681 at the end of 2018.

Table 2 below illustrates the anticipated contributions and annual balances based on the recommendations of the 2019-2023 proposed financial plan.

Table 2 – Estimated Capital Reserve Status

Capital Reserve (machinery & equipment) activity	2019	2020	2021	2022	2023
Beginning balance	\$162,681	\$133,146	\$103,592	\$93,592	\$94,985
Contributions to reserve	\$27,965	\$18,446	\$0	\$17,393	\$8,159
Applied to capital	(\$57,500)	(\$48,000)	(\$10,000)	(\$16,000)	(\$90,000)
Estimated balance at year end	\$133,146	\$103,592	\$93,592	\$94,985	\$13,144

There is also a future expenditure reserve estimated to be \$111,032 at the end of 2018.

Debt Charges

The proposed 2019-2023 financial plan identifies debt charges in 2019 of \$142,674 which is unchanged from 2018. Debt charges relate to:

- New fire hall debt which will retire in 2025
- New tanker truck debt which will retire in 2021

Citizen/Public Relations

The Black Creek/Oyster Bay Fire Protection Service provides for protection of life and property for the residents of the local service area. The fire department serves approximately 8,000 residents with fire protection, medical first responder and auto extrication service.

Based on 2019 assessed values, the residential tax rate for this service is \$0.6381 per \$1,000 of assessed value. As an example; for a residence with an assessed value of \$400,000 the total levy for

the service will be approximately \$255. The 2018 tax rate for this service was \$0.7129 per \$1,000 of assessed value.

Attachments: Appendix A – “ORVFRA Budget Submission”
Appendix B – “ORVFRA Mt. Washington Budget Submission”
Appendix C - “Asset Management Plan”