

DATE: January 21, 2021

FILE: 1700-02/2021/230

TO: Chair and Directors
Black Creek Oyster Bay Services Committee

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. DYSON _____

**RE: 2021 - 2025 Financial Plan – Black Creek-Oyster Bay Fire Protection –
Function 230**

Purpose

To provide the Black Creek Oyster Bay Services Committee with the proposed 2021 - 2025 financial plan and work plan highlights for the Black Creek/Oyster Bay Fire Protection Service, function 230.

Recommendations from the Chief Administrative Officer:

- 1) THAT the proposed 2021 – 2025 financial plan for the Black Creek/Oyster Bay Fire Protection Service, function 230, be approved.
- 2) THAT the Black Creek Oyster Bay Services Committee Financial Planning Policy (P44), adopted on June 25, 2013, be amended by adding a new section 15 as follows:

Cost Allocation Process

Under a principle of fairness, the cost allocations for all fire protection services managed by Oyster River Fire Rescue (ORFR), including Black Creek / Oyster Bay Fire Protection, will be conducted as follows:

- a) Annually the ORFR fire chief will prepare a consolidated operational budget submission with estimates that support the day-to-day activities of all the fire protection services under ORFR purview (i.e. Greater Merville and Mt Washington).
- b) The combined operational grant submission will then be apportioned to each service area based on the current total assessment values of all the areas being served and recovered by the Black Creek – Oyster Bay Fire LSA by way of a recovery from other functions.
- c) Capital costs for each of the ORFR Manager of Fire Services will continue to be allocated to the applicable local service area as well as any other operational, personnel, reserve management and debt servicing costs directly managed by the Comox Valley Regional District.

Executive Summary

The proposed 2021-2025 financial plan includes the following key aspects:

- A residential tax rate of \$.6421 per \$1,000 of assessed value, which is a decrease of \$.0191 compared to 2020.
- Tax requisition of \$790,000 in 2021 which is an increase of \$30,000 or 3.9 per cent over 2020.
- Personnel costs of \$306,907 in 2021 which is an increase of \$18,956 over 2020.
- Total operating budget of \$413,578 in 2021 which is a decrease of \$8,171 over 2020.
 - Increased costs are offset by recoveries from these functions.

- Capital expenditure of \$10,000 which is a decrease of \$52,000 over 2020.
- Contributions to reserve of \$26,793 in 2021 which is an increase of \$20,982 from 2020.

The proposed financial plan provides for the appropriate allocation of operating and personnel expenses between the Black Creek-Oyster Bay, Mount Washington (Mt Washington) and Greater Merville Fire Protection Services.

Prepared by:

Concurrence:

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Government Partners and Stakeholder Distribution (Upon Agenda Publication)

Oyster River Volunteer Fire Rescue Association	✓
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Board Strategic Drivers

The Comox Valley Regional District (CVRD) Board has set four strategic drivers to guide service delivery. Table 1 notes the degree of influence the drivers have on projects and work plans.

Table 1: Board Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> • Fire services continues to focus on sustainable asset planning in advance of capital replacement and ensuring ongoing contributions to capital reserves and the utilization of borrowing when necessary. 	<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"> • The Oyster River Volunteer Fire Rescue department provides operational fire protection to the Mt. Washington Fire Protection Service area and training to the Greater Merville firefighters. • Oyster River Volunteer Fire Rescue department has 31 volunteers. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • This service is not significantly influenced by this driver.

Rethink Comox Valley / COVID-19 Response and Renewal

On May 12, 2020 the board adopted a COVID-19 renewal plan for the review of service levels and all necessary, critical and functional projects slated for the next five years. Recommended actions for the plan were brought forward to the relevant committees, commissions and partners for review over the summer.

In accordance with the COVID 19 renewal plan:

- The Mobi-Cad system (dispatch communication aid) was deferred to 2022, thereby deferring approximately \$12,000 in expense.
- The purchase of a 4,000 gallon portable tank was deferred to 2022, thereby deferring approximately \$4,000 in operational expense.
- Staff continues to explore increasing collaboration with neighbouring fire services where appropriate.

Economic Recovery Task Force Actions

Not applicable for this service.

Financial Plan Overview


A major component of the proposed 2021 budget is the operational grant based on the combined budget submission for Black Creek-Oyster Bay and Mt. Washington, attached as Appendix A.

As directed by the board in November 2017, staff has developed a draft policy amendment for the Board's consideration with regards to the calculation of service cost apportionment for services between CVRD fire protection services. This report includes a recommendation to amend the Black Creek - Oyster Bay Services Committee Financial Planning Policy (P44) to include language regarding the apportionment of operational costs. The described process provides a fair and shared apportionment of operational costs with the managed fire services providing the incremental costs. This allocation procedure is being used by our municipal fire service providers and has been utilized with the Mt Washington fire protection service since 2018. This allocation procedure will also be used with the Greater Merville fire protection service in 2022 when the City of Courtenay service agreement ends and ORFR begins managing the operational funds.

The 2021 - 2025 proposed five-year financial plan for Black Creek-Oyster Bay Fire Protection Service, function 230, including service establishment information, the requisition summary and the operating and capital budgets, 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 on the following page summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

Table 2: Financial Plan Highlights

 2021 Proposed Budget		#230 Black Creek/Oyster Bay Fire		
Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)	
Revenue				
Senior Govt Grants	25,000	0	(25,000)	
Requisition	760,000	790,000	30,000	
Other Revenue/Recoveries	74,344	87,180	12,836	
Prior Years Surplus	489	22,436	21,947	
	\$ 859,833	\$ 899,616	\$ 39,783	
Expenditures				
Personnel Costs	287,951	306,907	18,956	
Directors Remuneration	1,648	1,648	-	
Operating	421,749	413,578	(8,171)	
Contribution to Reserve	5,811	26,793	20,982	
Debt Charges	142,674	150,690	8,016	
	\$ 859,833	\$ 899,616	\$ 39,783	
Capital				
Funding Sources				
Transfer from Reserve	62,000	10,000	(52,000)	
	\$ 62,000	\$ 10,000	\$ (52,000)	
Funding Applied				
Capital Projects & Equip	62,000	10,000	(52,000)	
	\$ 62,000	\$ 10,000	\$ (52,000)	

Highlights of the 2021 - 2025 proposed financial plan for function 230 include:

Revenue Sources

The proposed 2021-2025 financial plan includes:

- Total tax requisition of \$790,000 in 2021 which is an increase of \$30,000 or 3.9 per cent over 2020:
 - Largely attributed to increased personnel costs regarding a new training officer position.
 - Increased costs off-set by recoveries from other functions.
- Recoveries from other functions of \$87,180, apportioned based on assessed value, an increase of \$12,386 from 2020:
 - Recovery from Mt. Washington fire protection of \$40,180
 - Recovery from Greater Merville fire protection of \$47,000 to support training of Merville fire fighters
- Prior year’s surplus is estimated at \$22,436 which is an increase of \$21,947 from 2020.

The Black Creek-Oyster Bay Fire Protection Service does not subsidize the provision of service to Mt. Washington or Greater Merville as those incremental costs are recovered directly.

Personnel

The proposed 2021-2025 financial plan includes:

- Personnel costs of \$306,907 in 2021 which is an increase of \$18,956 over 2020.
 - Largely attributed to new full-time position of deputy chief in charge of training.

- Apportioned new position incremental costs are recovered from both Mt Washington and Greater Merville Fire Protection Services.
- A portion of the fire chief and deputy personnel costs are directly charged to both the Mt Washington and Greater Merville Fire Protection Services.
- A portion of the Manager of Fire Services are allocated to this service.
- A portion of administrative assistant are allocated to all fire services.

Operations

The proposed 2021-2025 financial plan includes:

- Total operating budget of \$413,578 in 2021 which is a decrease of \$8,171 over 2020.
 - Decrease largely attributable to the Community Emergency Preparedness grant funding revenue that was allocated in 2020 and not available on 2021.

Capital

The proposed 2021 budget and capital expenditure program includes:

- Capital expenditure of \$10,000 which is a decrease of \$52,000 over 2020.
 - Decrease largely attributed to completion of hydrant installation project on training grounds in 2020.

Table 3 highlights capital projects within the proposed 2021 budget and capital expenditure projects.

Table 3: Capital Projects

Project Description	Budget year	Anticipated cost	Anticipated schedule
Large diameter hose <ul style="list-style-type: none"> ● Replacement of aged hose ● To be funded by transfer from reserves 	2021	\$10,000	Spring 2021
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.			

The proposed 2021-2025 financial plan also includes capital purchases in future years, specifically:

- Replacement wildfire pumps in 2023
- Replacement of the self-contained breathing apparatus in 2023
- Replacement of fire engine in 2024

The requisition is expected to continue to increase in this service over the five year plan to fund ongoing capital replacement and upgrade projects which will be funded by a combination of reserves and debt ensuring a balance to current and future taxpayers and ensuring service levels can be maintained in the short and long term.

Sustainable Asset Funding

Staff has developed a sustainable asset funding model (SAF) for the Black Creek-Oyster Bay Fire Protection Service. The SAF is a long range planning tool used to anticipate future capital purchases and to identify future capital replacement obligations, towards maintaining a sustainable service delivery. The SAF model will inform the development of an asset management plan for fire services.

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. The Black Creek-Oyster Bay Fire Protection Service SAF is attached as Appendix B.

Funding options:

In the context of the SAF, staff has identified three possible options for the accrual of funds to meet future capital replacement obligations and maintain service levels. 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 2021 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 SAF, to maintain the current level of service by way of “today’s taxpayers” the contribution to capital reserve would need to be increased by approximately \$461,550 in 2021 which is not being recommended in this report.

The SAF currently in place will be incorporated into the CVRD corporate wide asset management strategy which will be under review in 2021 and future years as a “state of the nation” asset management plan is completed for all core asset groups which will consider strategic funding strategies to ensure sustainable service delivery and minimize impacts and volatility to the ratepayers.

Reserves

The proposed 2021-2025 financial plan includes;

- Contributions to reserve of \$26,793 in 2021 which is an increase of \$20,982 from 2020.

The Black Creek/Oyster Bay Fire Protection Service has an estimated capital reserve balance of \$128,768 at the end of 2020.

Table 4 illustrates the anticipated contributions and annual balances based on the recommendations of the 2021-2025 proposed financial Plan.

Table 4: Estimated Capital Reserve Status

Capital Reserve (machinery & equipment) activity	2021	2022	2023	2024	2025
Beginning balance	\$128,768	\$145,561	\$147,561	\$36,561	\$76,561
Contributions to reserve	\$26,793	\$40,000	\$40,000	\$40,000	\$40,000
Applied to capital	(\$10,000)	(\$38,000)	(\$151,000)	(\$0)	(\$0)
Estimated balance at year end	\$145,561	\$147,561	\$36,561	\$76,561	\$116,561

There is also a future expenditure reserve estimated to be \$115,989 at the end of 2020.

Debt Charges

The proposed 2021-2025 financial plan identifies debt charges in 2021 of \$150,690 which is an increase of \$8,016 over 2020. Debt charges relate to:

- Fire hall debt which will retire in 2025
- Tanker truck debt which will retire in 2021
- Fire engine debt will begin in 2025

Tax Impacts

The 2021 – 2025 financial plan indicates the following residential tax impact:

- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.6421 per \$1,000 (2020 - \$0.6612) of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$321 for this service.
- The maximum levy for this service is the greater of \$301,629 or \$1.00 per \$1,000 of assessed value resulting in a maximum requisition available in 2021 of \$1,178,116.

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.

With the Greater Merville firefighters training program nearing completion, the residents of the Black Creek - Oyster Bay Fire Protection Service area now have the benefit of 13 additional trained volunteers able to rapidly respond.

Attachments: Appendix A – ORVFRA Budget Submission
 Appendix B – Sustainable Asset Funding

ORFR & MOUNT WASHINGTON 2021 COMBINED BUDGET

OPERATING GRANT DETAILS

Operating Expense Description	GL #	2019 Budget	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	
01-2-230-246 Bank Fees & Charges	6246	200	200	200	225	250	250	250	250	
01-2-230-257 Clothing/Laundrying	6257	2,950	4,200	4,200	4,400	4,500	4,600	4,700	4,700	
01-2-230-260 Conferences/Seminars	6260	5,000	5,000	7,000	7,500	8,000	8,000	8,500	8,500	
01-2-230-266 Deliveries/Transportation	6266	200	200	300	200	200	200	250	250	
01-2-230-269 First Responder Supplies	6269	3,500	4,000	4,000	4,200	4,300	4,300	4,300	4,300	
01-2-230-275 Licenses/Permits	6275	600	3,000	3,000	3,100	3,200	3,200	3,500	3,500	
01-2-230-290 Miscellaneous	6290	400	150	150	150	150	150	150	150	
01-2-230-293 Office Expenses	6293	11,500	11,000	11,000	11,500	11,500	11,500	11,500	12,000	
01-2-230-364 Health and Wellness	6364	2,500	2,000	2,000	2,250	2,250	2,300	2,400	2,500	
01-2-230-362 Awards Banquet	6362	9,100	9,000	9,100	9,100	9,300	9,300	9,300	9,400	
01-2-230-271 Fire Prevention	6271	2,000	1,200	1,200	1,500	1,500	1,750	1,750	1,750	
01-2-230-305 Safety Equipment	6305	10,000	10,000	15,000	15,000	15,000	15,500	15,500	16,000	
01-2-230-314 Telephone and Alarm Lines	6314	5,400	5,500	6,500	6,500	6,600	6,700	6,700	6,800	
01-2-230-319 Training and Development	6319	30,500	30,000	30,000	30,500	30,500	31,000	31,000	31,500	
01-2-230-320 Travel	6320	750	500	500	500	500	500	500	500	
01-2-230-338 Dues and Subscriptions	6338	1,600	1,600	1,600	1,600	1,600	1,650	1,650	1,700	
01-2-230-360 Accounting and Auditing Fees	6360	9,500	8,600	9,000	9,000	9,000	9,000	10,000	10,000	
01-2-230-369 Insurance	6375	7,350	7,600	7,800	7,800	7,900	7,900	7,900	8,000	
01-2-230-381 Legal Fees	6381	1,800	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
01-2-230-387 Other Professional Fees	6387	1,200	1,000	1,000	1,000	1,000	1,100	1,100	1,100	
01-2-230-400 Cont. Services Bldg/Land	6400	5,800	5,800	5,800	5,900	5,900	6,000	6,000	6,100	
01-2-230-403 Building Repairs & Maint.	6403	7,650	7,800	7,800	7,900	8,000	8,200	8,200	8,300	
01-2-230-406 Heating	6406	2,000	1,600	1,600	1,650	1,650	1,700	1,700	1,800	
01-2-230-409 Hydro	6409	7,500	8,000	8,500	8,500	8,750	8,750	9,000	9,000	
01-2-230-418 Refuse Collection	6418	400	375	450	450	475	500	500	500	
01-2-230-430 Water	6430	600	600	600	600	600	650	675	675	
01-2-230-447 Repairs/Mtce - Mach/Equip	6447	5,900	4,500	5,000	5,500	5,500	5,750	5,750	6,000	
01-2-230-450 Small Tools & Equipment	6450-51	11,500	8,500	8,500	8,650	8,650	8,700	8,700	8,800	
01-2-230-458 Fuel/Lubricants - Vehicle	6458	10,900	11,500	12,000	12,500	13,000	13,500	14,000	14,500	
01-2-230-464 Repairs/Maint - Vehicle	6464	12,500	16,000	16,500	17,000	17,500	18,000	18,500	18,500	
Subtotal Operating Expenses		170,800	170,425	181,300	185,675	188,275	191,650	194,975	198,075	
Personnel Costs										
Salaries and Wages	7220	0	0	0	0	0	0	0	0	
Payroll Deductions	7225	0	0	0	0	0	0	0	0	
Part Time Compensation(paid-on-call)	?	101,000	105,000	106,000	107,000	107,000	110,000	110,000	112,000	
Payroll Deductions	?	5,412	5,520	5,306	5,412	5,520	5,631	5,743	5,800	
Honorarium	6228	0	0	0	0	0	0	0	0	
WCB	7238	520	530	520	520	530	541	551	551	
Subtotal Personnel Costs		106,932	111,050	111,826	112,932	113,050	116,171	116,295	118,351	
Operating Grant		277,732	281,475	293,126	298,607	301,325	307,821	311,270	316,426	

Sustainable Asset Funding		Function Name: Oyster River Fire Rescue				Function Number: 230		2021-2025			
<p>The Sustainable Asset Funding (SAF) model is a long range planning tool used to anticipate future capital purchases and to identify future capital replacement obligations for this service. This SAF also provides information to the board towards policy direction regarding funding of future replacement obligations. Assumes reserves for full cost at time of replacement. This SAF is based on the principles that:</p> <ul style="list-style-type: none"> • Building replacement costs are based on current estimated construction costs, • Equipment replacement costs are based on current estimated costs, • The lifespan of assets are based on the Tangible Capital Asset Reporting Policy of the Board and the actual usage or deterioration of the asset, • Specific and regular repair and maintenance programs maximize the life-cycle of capital assets, and • It will be updated and reported to the board annually as part of the financial planning process 											
Type	Description	Date in Service	Expected Service Life	Expected Replacement Year	Remaining Service Life	Current Estimated Value	Expected Replacement Cost	2021 Estimated contribution required	2021 FP contribution to reserve	2021 Variance	Notes
Building	Main fire hall 2241 Catherwood	2005/2006	50 years	2056	35years	\$1.6 million	\$2,500,000	\$71,500	\$0.00	-\$71,500	Assuming no purchase of land required in 2056. Long term debt payments of \$107,484/year ends Oct 2025.
Building	Training complex	2012	25 years	2037	16 years	\$15,000	\$60,000	\$3,750	\$0.00	-\$3,750	Temporary/ steel construction Assumes \$60k to replace with scrap salvage of steel as trade in value
Vehicle	Unit #41, Rescue/Pumper, HME	2014	20 years	2034	13 year	\$400,000	\$700,000	\$54,000	\$0.00	-\$54,000	truck is a Rescue/Pumper .
Vehicle	Unit #42 Second line fire engine, International	1999	25 years	2024	3 years	\$10,000	\$600,000	\$200,000	\$0.00	-\$200,000	Replacement date extended to 2024 with annual pump tests to separate purchase trucks to ten year intervals. FUS requires certiftn each year over 20 years
Vehicle	Unit #43 Duty Officer Truck, 2018 Ford F350	2018	20 years	2038	17 years	\$70,000	\$90,000	\$5,300	\$0.00	-\$5,300	Truck purchased new in 2018 by ORVFRA. Donated to BCOB fire service
Vehicle	Unit #44, Freightliner Water tanker truck.	2016	20 years	2036	15 years	\$150,000	\$300,000	\$20,000	\$0.00	-\$20,000	Replaced cab and chassis in 2016
Vehicle	Unit #45, Fire Chief Truck, 2013 Tahoe	2018	8 years	2026	5 years	\$10,000	\$45,000	\$9,000	\$0.00	-\$9,000	Assumes second hand unit purchased .
Vehicle	Unit #48, 2011 Chev panel Van. Lic plate# PA-1203	2020	10 years	2030	10 years	\$5,000	\$50,000	\$5,000	\$0.00	-\$5,000	Personel transport van. Assumes second hand unit purchased .
Vehicle	Structural protection Unit Trailer	2007	25 years	2032	11 years	\$5,000	\$30,000	\$2,700	\$0.00	-\$2,700	Assumes same size model to replace. Service life may be shortened by "out of district response" however revenue from out of district response will contribute to accelerated reserve contributions
Equipment	2004 Generator, Ingersoll-Rand	2008	35 years	2043	22 years	\$20,000	\$100,000	\$4,500	\$0.00	-\$4,500	Assumes 35 year lifespan. Assumes replacement with good used unit.
Equipment	Self Contained Breathing Apparatus, Draeger	2009	15 years	2023	2 years	\$80,000	\$200,000	\$100,000	\$26,600.00	-\$73,400	Assumes 15 year lifespan. Assumes \$200k replacement cost. Purchase in 2023 begin reserves in 2024
Equipment	Compressor Fill Station and Defrag	2008	30 years	2038	17 years	\$30,000	\$50,000	\$2,900	\$0.00	-\$2,900	Assumes 30 year lifespan. Assumes \$50k replacement cost.
Equipment	UTV. Viking 6	2018	10	2028	7 years	\$20,000	\$40,000	\$5,700	\$0.00	-\$5,700	Assumes 10 year lifecycle.
Equipment	Auto Extrication Equipment	2014	20 years	2034	13 years	\$20,000	\$50,000	\$3,800	\$0.00	-\$3,800	various components of this equipment purchased in 2014
	Estimated reserve contributions required, totals							\$488,150		-\$461,550	
	2021- 2025 Financial Plan contribution totals								2021 FP \$26,600		