

DATE: January 21, 2020

FILE: 1700-02/2020/Function 230

TO: Chair and Directors
Black Creek Oyster Bay Services Committee

Supported by Russell Dyson
Chief Administrative Officer
R. Dyson

FROM: Russell Dyson
Chief Administrative Officer

**RE: 2020 - 2024 Financial Plan – Black Creek-Oyster Bay Fire Protection –
Function 230**

Purpose

To provide the Black Creek/ Oyster Bay Services Committee with the proposed 2020 - 2024 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 2020 – 2024 Financial Plan for Black Creek/Oyster Bay Fire Protection Service, function 230, be approved.

Executive Summary

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

- A residential tax rate of \$.6604 per \$1,000 of assessed value, which is an increase of \$0.0202 compared to 2019
- Requisition increase for 2020 of \$55,000 over 2019 to cover increase personnel costs.
- Personnel costs of \$287,951 in 2020 which is an increase of \$55,329 over 2019.
 - Largely attributed to new part-time position of deputy chief in charge of training.
 - Apportioned costs are recovered from both Mt. Washington and Greater Merville Fire Protection Services.
- Total operating budget of \$394,042 in 2020 which is an increase of \$17,769 over 2019.
 - 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 recoveries from these functions.
- Capital expenditure of \$62,000 which is an increase of \$4,500 over 2019.
- Contribution to reserves of \$18,478 in 2020 which is a decrease of \$14,519 from 2019.

This proposed Financial Plan provides for the appropriate allocation of operating and personnel expenses between the Black Creek-Oyster Bay, Mt. Washington and Greater Merville Fire Protection Services.

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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 below 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"> • Application for grant funding for minor capital equipment purchase. • Sustainable asset planning in advance of capital replacement 	<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. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • This service is not significantly influenced by this driver


Financial Plan Overview

A major component of the proposed 2020 budget is the operational grant based on the combined budget submission for Black Creek-Oyster Bay and Mt. Washington, attached as Appendix A.

The 2020 - 2024 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 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 below.

Table 2: Financial Plan Highlights

 2020 Proposed Budget		#230 Black Creek/Oyster Bay Fire		
Operating	2019 Budget	2020 Proposed Budget	Increase (Decrease)	
Revenue				
Requisition	705,000	760,000	55,000	
Other Revenue/Recoveries	62,939	74,344	11,405	
Prior Years Surplus	18,275	10,449	(7,826)	
	\$ 786,214	\$ 844,793	\$	58,579
Expenditures				
Personnel Costs	232,622	287,951	55,329	
Directors Remuneration	1,648	1,648	-	
Operating	376,273	394,042	17,769	
Contribution to Reserve	32,997	18,478	(14,519)	
Debt Charges	142,674	142,674	-	
	\$ 786,214	\$ 844,793	\$	58,579
Capital				
Funding Sources				
Transfer from Reserve	57,500	62,000	4,500	
	\$ 57,500	\$ 62,000	\$	4,500
Funding Applied				
Capital Projects & Equip	57,500	62,000	4,500	
	\$ 57,500	\$ 62,000	\$	4,500

Highlights of the 2020 - 2024 proposed Financial Plan for function 230 include:

Revenue Sources

The proposed 2020-2024 Financial Plan includes:

- Total tax requisition of \$760,000 in 2020 which is an increase of \$55,000 over 2019:
 - 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 \$74,344 which is an increase of \$11,405 from 2019.
 - Apportioned based on assessed value
 - Recovery from Mt. Washington fire protection \$37,344
 - Recovery from Greater Merville fire protection; \$37,000
- Prior year's surplus is estimated at \$10,449 which is a decrease of \$7,826 from 2019.

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.

Staff have applied for funding from the Community Emergency Preparedness Fund (CEPF) grant program towards the purchase of replacement wildland firefighting equipment. Confirmation of grant funding is anticipated in February 2020. If successful, an additional revenue and expenditure of \$25,000 will be included in the 2020 recommended budget.

Personnel

The proposed 2020-2024 Financial Plan includes:

- Personnel costs of \$287,951 in 2020 which is an increase of \$55,329 over 2019.
 - Largely attributed to new part-time position of deputy chief in charge of training.
 - Apportioned new position 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 personnel costs attributed to the Manager of Fire Services are apportioned to this service.
- A portion of administrative assistant cost is now allocated to all fire services.

Operations

The proposed 2020-2024 Financial Plan includes:

- Total operating budget of \$394,042 in 2020 which is an increase of \$17,769 over 2019.
 - 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 recoveries from these functions.

Capital

The proposed 2020 budget and capital expenditure program includes:

- Capital expenditure of \$62,000 which is an increase of \$4,500 over 2019.
 - Includes transport van carried forward from 2019.
 - Hydrant installation on training grounds
 - Mobi-CAD system for fire engine

Table 3 highlights capital projects within the proposed 2020 budget and capital expenditure projects.

Table 3: Capital Projects

Project Description	Budget year	Anticipated cost	Anticipated schedule
Transport van <ul style="list-style-type: none"> • Safely transport firefighters to emergencies, training events, out of district deployments • Project carried forward from 2019 • To be funded by transfer from reserve 	2020	\$15,000	Spring 2020
Hydrant installation <ul style="list-style-type: none"> • On training grounds • No disruption to public roads • To be funded by transfer from reserve. 	2020	\$35,000	Summer 2020

Mobi-CAD systems <ul style="list-style-type: none"> • Computer aided dispatch • To be funded by transfer from reserve 	2020	\$12,000	Spring 2020
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 2020-2024 Financial Plan also includes capital purchases in future years, specifically:

- Improved lighting on the training grounds in 2021
- Purchase of training aids in 2021.
- Replacement wildfire pumps in 2022.
- Replacement of the self-contained breathing apparatus in 2023.
- Replacement of main fire engine in 2024

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 2020 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 \$381,692 in 2020 which is not being recommended in this report.

Reserves

The proposed 2020-2024 Financial Plan includes;

- Contribution to reserve of \$18,478 in 2020 which is a decrease of \$14,519 from 2019.

The Black Creek/Oyster Bay Fire Protection Service has an estimated capital reserve balance of \$156,230 at the end of 2019.

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

Table 4: Estimated Capital Reserve Status

Capital Reserve (machinery & equipment) activity	2020	2021	2022	2023	2024
Beginning balance	\$156,230	\$112,708	\$86,708	\$79,275	\$38,727
Contributions to reserve	\$18,478	\$0	\$18,567	\$4,452	\$0
Applied to capital	(\$62,000)	(\$26,000)	(\$26,000)	(\$45,000)	(\$0)
Estimated balance at year end	\$112,708	\$86,708	\$79,275	\$38,727	\$38,727

There is also a future expenditure reserve estimated to be \$113,085 at the end of 2019.

Debt Charges

The proposed 2020-2024 Financial Plan identifies debt charges in 2020 of \$142,674 which is unchanged from 2019. Debt charges relate to:

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

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 \$0.6604 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.6402 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 \$330.20.

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 15 additional trained volunteers able to rapidly respond.

Attachments: Appendix A – “ORVFRA budget submission”
 Appendix B – “Sustainable Asset Funding”

ORFR & MOUNT WASHINGTON 2020 COMBINED BUDGET

OPERATING GRANT DETAILS

Operating Expense Description	GL #	2019 Budget	2020 Proposed	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast		
01-2-230-246 Bank Fees & Charges	6246	200	200	225	225	250	250	250		
01-2-230-257 Clothing/Laundrying	6257	2,950	4,200	4,300	4,400	4,500	4,600	4,700		
01-2-230-260 Conferences/Seminars	6260	5,000	5,000	7,000	7,500	8,000	8,000	8,500		
01-2-230-260 Conf/Seminars-Board	6261	0	0	0	0	0	0	0		
01-2-230-266 Deliveries/Transportation	6266	200	200	200	200	200	200	250		
01-2-230-269 First Responder Supplies	6269	3,500	4,000	4,200	4,200	4,300	4,300	4,300		
01-2-230-275 Licenses/Permits	6275	600	3,000	2,500	1,500	1,500	1,600	1,600		
01-2-230-290 Miscellaneous	6290	400	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		
01-2-230-364 Health and Wellness	6364	2,500	2,000	2,000	2,250	2,250	2,250	2,250		
01-2-230-362 Awards Banquet	6362	9,100	9,000	9,100	9,100	9,300	9,300	9,300		
01-2-230-271 Fire Prevention	6271	2,000	1,200	1,200	1,500	1,500	1,750	1,750		
01-2-230-305 Safety Equipment	6305	10,000	10,000	10,000	10,000	10,500	10,500	10,500		
01-2-230-314 Telephone and Alarm Lines	6314	5,400	5,500	5,800	6,000	6,000	6,250	6,250		
01-2-230-319 Training and Development	6319	30,500	30,000	30,000	30,500	30,500	31,000	31,000		
01-2-230-320 Travel	6320	750	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		
01-2-230-360 Accounting and Auditing Fees	6360	9,500	8,600	9,000	9,000	9,000	9,000	10,000		
01-2-230-369 Insurance	6375	7,350	7,600	7,600	7,650	7,650	7,700	7,700		
01-2-230-381 Legal Fees	6381	1,800	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		
01-2-230-400 Cont. Services Bldg/Land	6400	5,800	5,800	5,800	5,900	5,900	6,000	6,000		
01-2-230-403 Building Repairs & Maint.	6403	7,650	7,800	7,800	7,900	8,000	8,200	8,200		
01-2-230-406 Heating	6406	2,000	1,600	1,600	1,650	1,650	1,700	1,700		
01-2-230-409 Hydro	6409	7,500	8,000	8,500	8,500	8,750	8,750	9,000		
01-2-230-418 Refuse Collection	6418	400	375	375	400	400	450	450		
01-2-230-430 Water	6430	600	600	600	600	600	650	675		
01-2-230-447 Repairs/Mtce - Mach/Equip	6447	5,900	4,500	4,750	4,750	4,800	4,800	4,850		
01-2-230-450 Small Tools & Equipment	6450-51	11,500	8,500	8,500	8,650	8,650	8,700	8,700		
01-2-230-458 Fuel/Lubricants - Vehicle	6458	10,900	11,500	12,000	12,500	13,000	13,500	14,000		
01-2-230-464 Repairs/Maint - Vehicle	6464	12,500	16,000	16,500	17,000	17,500	18,000	18,500		
Subtotal Operating Expenses		170,800	170,425	174,800	177,625	180,450	183,350	186,325		
Personnel Costs										
Salaries and Wages	7220	0	0	0	0	0	0	0		
Payroll Deductions	7225	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		
Payroll Deductions	?	5,412	5,520	5,306	5,412	5,520	5,631	5,743		
Honorarium	6228	0	0	0	0	0	0	0		
WCB	7238	520	530	520	520	530	541	551		
Subtotal Personnel Costs		106,932	111,050	111,826	112,932	113,050	116,171	116,295		
										0
Operating Grant		277,732	281,475	286,626	290,557	293,500	299,521	302,620		

Sustainable Asset Funding, Function Name: Oyster River Fire Rescue		Function Number: 230		2020-2024							
<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	2020 Estimated contribution required	2020 FP contribution to reserve	2020 Variance	Notes
Building	Main fire hall 2241 Catherwood	2005/2006	50 years	2056	36 years	\$1.6 million	\$2,500,000	\$69,500	\$0.00	-\$69,500	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	17 years	\$15,000	\$60,000	\$3,500	\$0.00	-\$3,500	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	14 year	\$400,000	\$500,000	\$35,700	\$0.00	-\$35,700	New truck is a Rescue/Pumper .
Vehicle	Unit #42 Second line fire engine, International	1999	25 years	2024	4 years	\$20,000	\$750,000	\$187,000	\$0.00	-\$187,000	Plan to replace this truck with new Quint. Assumes \$750k price. Replacement date extended to 2024 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	18 years	\$70,000	\$90,000	\$5,000	\$0.00	-\$5,000	Truck purchased new in 2018 by ORVFRA. Donated to BCOB fire service
Vehicle	Unit #44, Water tanker truck.	2016	20 years	2036	16 years	\$150,000	\$300,000	\$18,750	\$0.00	-\$18,750	Replaced cab and chassis in 2016
Vehicle	Unit #45, Fire Chief Truck, 2013 Tahoe	2018	8 years	2026	6 years	\$10,000	\$45,000	\$7,500	\$0.00	-\$7,500	Assumes second hand unit purchased .
Vehicle	Structural protection Unit Trailer	2007	25 years	2032	12 years	\$5,000	\$30,000	\$2,500	\$0.00	-\$2,500	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	23 years	\$20,000	\$100,000	\$4,350	\$0.00	-\$4,350	Assumes 35 year lifespan. Assumes replacement with good used unit.
Equipment	Self Contained Breathing Apparatus, Draeger	2009	15 years	2023	3 years	\$80,000	\$180,000	\$60,000	\$18,478.00	-\$41,522	Assumes 15 year lifespan. Assumes \$180k replacement cost. Purchase in 2023 begin reserves in 2024
Equipment	Compressor Fill Station and Defrag	2008	30 years	2038	18 years	\$30,000	\$50,000	\$2,800	\$0.00	-\$2,800	Assumes 30 year lifespan. Assumes \$50k replacement cost.
Equipment	UTV. Viking 6	2018	10	2028	8	\$20,000	\$40,000	\$5,000	\$0.00	-\$5,000	Assumes 10 year lifecycle.
Equipment	Auto Extrication Equipment	2014	20 years	2034	14 years	\$20,000	\$50,000	\$3,570	\$0.00	-\$3,570	various components of this equipment purchased in 2014
	Estimated reserve contributions required, totals							\$405,170		-\$386,692	
	2020- 2024 Financial Plan contribution totals								2020 FP \$18,478		