

DATE: October 1, 2021

FILE: 7200-20 Mount Washington

TO: Chair and Directors
Electoral Area Services Committee

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Mount Washington Fire Protection Service Fire Hall Project

Purpose

To provide an update on the Mount Washington (Mt. Washington) fire hall project and seek direction regarding the method of elector assent for the long-term borrowing required for project financing.

Recommendations from the Chief Administrative Officer:

1. THAT staff bring forward a report concerning the process logistics and bylaws for the Mount Washington Fire Protection Service fire hall project with:
 - Participating area approval for the proposed amendment to the service establishment bylaw being sought by way of consent of the Electoral Area C Director on behalf of the electors; and
 - Participating area approval for the proposed loan authorization bylaw being sought by way of an Alternative Approval Process;as outlined in the staff report dated October 1, 2021;
2. THAT subject to the adoption of the necessary bylaws associated with the Mount Washington Fire Protection Service fire hall project, a contribution of \$500,000 from Puntledge - Black Creek (Electoral Area C) Community Works Funds be committed towards the construction of the Mount Washington fire hall.

Executive Summary

The Mt Washington Steering Group supports the development of an operating fire hall, on land donated for that purpose. An operating fire hall at Mt Washington will:

- Provide permanent heated storage for Mt Washington fire apparatus tools and equipment;
- Provide a location for volunteer firefighters to train; and
- Become the focal point encouraging further volunteers to join the fire department.

The project engineers have developed the fire hall design and have provided a probable cost of construction. The proposed funding model for the construction of the fire hall and acquisition of the required fire apparatus, at a total estimated cost of \$2.49 million, would include:

- Debt proceeds of \$1.8 million, which is greater than the \$415,000 previously authorized by bylaw in 2016 for long-term borrowing for the project.
- The legislative approval process required to support this project will firstly be to increase the maximum levy for the service by way of Director consent and secondly to seek authorization for the new long-term borrowing amount for the project by way of electoral assent.
- A contribution of Community Works Funds (CWF) in the amount of \$500,000 from Electoral Area C.

- The balance in the amount of \$190,000 is to be funded by a contribution from the service’s future expenditure reserve.

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Government Partners and Stakeholder Distribution (Upon Agenda Publication)

Oyster River Fire Rescue	✓
Mt Washington Steering Group	✓

Background/Current Situation

Following a successful referendum in 2016, the Board established the service and authorized the borrowing of \$415,000 to develop a fire service storage facility.

Since 2017, the Oyster River Fire Rescue department has been providing fire protection services to Mt. Washington, including the training of volunteer firefighters.

The Steering Group supports the development of an operating fire hall, on land donated for that purpose. An operating fire hall at Mt. Washington will:

- Provide permanent heated storage for Mt. Washington fire apparatus tools and equipment;
- Provide a location for volunteer firefighters to train; and
- Become the focal point encouraging further volunteers to join the fire department.

The project engineers have developed the fire hall design and have provided a probable cost of construction. In the context of a somewhat volatile construction market, staff have also included an estimated escalation cost. Further, staff has developed an estimated cost for fire service apparatus and equipment required to safely provide the service from a new fire hall. These costs are captured in the financial section of this report.

The proposed funding model for the project now includes proceeds from debt totalling \$1.8 million which is greater than what was authorized by bylaw in 2016. Accordingly, a legislative approval process is required to authorize an increased amount to be borrowed for the project and to also increase the service’s maximum levy to enable appropriate coverage of all future operational costs the debt servicing costs. The proposed funding model will require a maximum level of approximately \$250,000 which is greater than currently authorized by bylaw but that was anticipated and noted in the 2021 – 2025 adopted financial plan for the service in the 2022 through 2025 budget years.

Project Timeline

Generally, the project timeline is determined by the short construction window on Mt. Washington. Table 1 below indicates the estimated timeframes for the various processes.

Note: should the Alternative Approval Process (AAP) not be successful the Board may consider a referendum, however, the 2022 construction window will likely be missed, with 2023 being the next construction window.

Table 1

Process Item	Timeframe	Notes
Pre-AAP Communications	October to November 2021	Direct mail outs to each resident and property owner
AAP Process	December 2021 and January 2022	Legislative Services
Procurement Process	February, March, and April 2022	Includes seeking bids, contractor selection, and contract signed. (pending successful AAP)
Construction	May to October 2022	

Legislative Approval Process

Securing long-term borrowing and amending the service establishment bylaw cannot be undertaken without approval by the Inspector of Municipalities after the third reading of an associated bylaw. In addition, “participating area approval” is also required, which may be obtained through the assent of the electors, an AAP or in certain cases by petition and Director consent.

As securing the long-term borrowing to finance the new fire hall forms the linchpin of this project, staff are recommending a legislative approach that focuses the elector approval only on the question of borrowing and not on the secondary requirement to amend the service establishment bylaw to increase the maximum taxation levy. This latter bylaw amendment, proposed to be approved by Director consent, would only proceed if elector approval on the borrowing bylaw is received. This simplifies the process, reduces potential confusion by the public and is permissible under the terms and authorities provided by the *Local Government Act*.

For the long-term borrowing bylaw, elector approval may be sought through an AAP or via an assent vote (referendum). While the committee is familiar with these processes, it is noted that an assent vote, also known as a referendum or plebiscite, is a voting process similar in many ways to the process for conducting a general local election. The ballot for an assent vote must be in the form of a question put to the electors that are phrased in a manner such that it may be answered by marking either “yes” or “no”. Approval is deemed to have been obtained if a majority of the votes counted are in favour of the question. The AAP, previously known as the “counter-petition” functions by a formal notice being given of the regional district’s intent to adopt the bylaw and eligible electors then being given at least 30 days to register their opposition to the initiative by completing an Elector Response Form. Approval is received if less than 10 per cent of the eligible electors within the proposed service area sign and submit an Elector Response Form by the AAP deadline.

Staff have reviewed a number of factors in consideration of the recommended elector approval process, summarized as follows:

Public Feedback and Expectations: The fire hall project has been consistently supported by the Mt. Washington Steering Group, a volunteer advisory body consisting of local residents and property owners. While no formal surveys of the broader community have been conducted, the original approval by the electors in 2016 to establish the service and authorize borrowing for the fire hall by a margin of 84 per cent demonstrated clear support for the project. Staff have recently engaged the Steering Group regarding the elector approval processes and no recommendations were received.

Cost: Conducting an AAP is significantly less expensive than assent voting. While the costs of an AAP are largely based on the two advertisements, an assent vote entails a wide range of direct up-

front costs, such as advertising, ballots, polling station rental and staffing, voting materials and supplies, as well as significant staff time to coordinate the process.

Service/Initiative Function: The proposed fire hall would serve as a key facility in the delivery of the fire protection service, providing secure and proper storage of firefighting apparatus such as fire engines and related vehicles, personal protective equipment, fire hoses and other specialized equipment. With considerable existing development at Mt. Washington and potential for continued growth, the provision of a functional fire service and management of related assets is prudent for life, safety and protection of property. In this regard, the construction of a fire hall is viewed as being in the public interest.

Accessibility and Convenience: In the case of an assent vote, the electors generally have 12 hours during the advance voting day, and 12 hours on general voting day to cast their vote. The AAP provides electors with at least 30 days to communicate their views with submissions being accepted in a variety of formats (ie. mail, drop off, email and fax).

History: As noted above, an assent vote was conducted in 2016 to establish the fire protection service and authorize long-term borrowing. Turnout during this process was estimated at 40 per cent of eligible electors with 84 per cent of those participating voting in favour.

Upon considering the balance of these factors, staff are recommending the use of an AAP.

Policy Analysis

The Mt. Washington fire hall is a key initiative within the identified Core Service of Regional Emergency Services.

In accordance with the *Local Government Act*, entering into a long-term borrowing agreement for the capital construction and equipping of the fire hall will require elector assent.

At its February 25, 2020, financial planning meeting, the Board endorsed the following:

THAT staff bring forward a report for consideration at a future meeting, which recommends:

- Amending the establishment bylaw for the Mt. Washington Fire Protection Service, function 240, to increase the maximum requisition;
- Amending Bylaw No. 434 being “Mount Washington Resort Community Fire Protection Service Loan Authorization Bylaw No. 434, 2016” to increase the amount that can be borrowed towards constructing and equipping a new fire services building at Mt. Washington.
- Amending Bylaw No. 451 being “Mount Washington Resort Community Fire Protection Service Temporary Borrowing Bylaw No. 451, 2016” to increase the amount that can be borrowed towards constructing and equipping a new fire services building at Mt. Washington.

The adopted 2021-2025 financial plan includes funds to conduct an elector assent process regarding the adoption of a long-term borrowing bylaw.

The recommendations of this staff report support these policies.

Options

Elector approval may be achieved by way of:

1. Alternative approval process (AAP);
2. Petition; or
3. Assent voting (referendum).

This report provides information in support of option 1.

Financial Factors

Current 2021-2025 Financial Plan

Based on preliminary construction and equipment cost estimates, the 2021-2025 adopted financial plan for the Mt. Washington Fire Protection Service, function 240, currently includes \$1.61 million for the construction and equipping of a fire hall on Mt. Washington with another \$220,000 allocated in 2023 to support the acquisition of a used ladder truck, Duty Officer vehicle and UTV. These works were budgeted to be funded by way of \$1.61 million in interim financing, and \$220,000 in contributions from reserves.

In 2021, the total tax requisition was \$200,824 which resulted in an estimated residential tax rate of \$1.0076 per \$1,000 of assessed value. For a residence with an assessed value of \$500,000, the tax impact was \$503.80.

The maximum levy for the service is currently the greater of \$150,000 or \$1.15 per \$1000 of assessed value, which equates to a maximum requisition available in 2021 of \$212,236.

A total requisition of \$250,000 was anticipated in the current financial plan starting in 2022 to support the ongoing operational and reserve contribution needs for the service, including debt servicing costs. Given the revised project costs estimates for the fire hall project, and with the inclusion of a contribution of CWF, an increase of the maximum requisition to at least the \$250,000 level will be required. Further analysis will be undertaken as part of the 2022 – 2026 financial planning process, with a recommendation on the maximum levy to come forward for the Directors' consideration at that time.

For comparison, a total requisition of \$250,000 would result in an estimated residential tax rate, based on the 2021 revised assessment roll, of \$1.2544 per \$1,000 of assessed value. For a home assessed at \$500,000, this would equate to a tax impact of \$627.20.

Project Funding Model

Subsequent to the preliminary estimates and based on the engineer's probable construction costs, equipment cost estimates with appropriate escalations, utilities, and project management costs the total project cost is estimated to be approximately \$2,490,800.

On June 29, 2021, the Government of Canada renamed the Federal Gas Tax Fund to the Canada Community-Building Fund and also announced that fire halls and fire station infrastructure are now eligible project investments. This staff report provides information and a recommendation that the Board commit an investment of \$500,000 from the Electoral Area C allocation of CWF should the elector assent be achieved.

The anticipated capital expenses and funding sources are described in Table 2 below.

Table 2

Capital expense description	Estimated cost
Estimated probable cost for construction (with 20% contingency)	\$1,506,000
Anticipated additional construction expenses (escalation cost, project management, development permit and utilities)	\$619,000
Fire hall equipment and fire engine (used ladder truck)	\$341,000
MFA debt expense	\$24,000
Total estimated project cost	\$2,490,000
Capital Funding Sources	
	Value
Proceeds from debt	1,800,000
Community Works Fund	\$500,000
Transfer from reserve	\$190,000
Total funding	\$2,490,000

Within the above project funding model, long-term debt servicing costs are anticipated to be approximately \$100,000 annually, over a term of 30 years. As noted earlier, it is recognized that under this funding model, the service will require a requisition of approximately \$250,000 annually to maintain service delivery including debt servicing.

Staff will bring forward a staff report to a future meeting that addresses the maximum requisition to accommodate debt servicing costs.

Note: Within the project funding model it is possible to increase the CWF investment to \$750,000. This would result in a reduction in the debt funding required for the project from \$1.78 million to \$1.53 million and thus lower annual debt servicing costs from \$100,000 to approximately \$86,000.

In summary for a residence of assessed value of \$500,000 the following scenarios apply.

- The current tax impact to a household within the service area without a fire hall in 2021 was \$503;
- The tax impact to a household in the service area in 2022 with the fire hall project and its proposed funding model is estimated to be \$627 based on the 2021 revised assessment roll.

Legal Factors

In accordance with the *Local Government Act*, amending the service establishment bylaw and entering into a long-term borrowing agreement for the capital construction and equipping of the fire hall will require a legislative approval process.

The AAP is a common way for local governments to find out the wishes of the public. It's also an efficient legislative mechanism outlined in the *Community Charter*, which can be used to obtain elector approval without the considerable expense and the staff resource requirements of a referendum.

Regional Growth Strategy Implications

The Mt. Washington Fire Protection Service and the construction of a fire hall addresses Objective 7C of the Regional Growth Strategy to improve regional fire safety.

Intergovernmental Factors

In August 2021, the federal government amended the CWF (Gas-Tax) to include fire halls as an investment category in the Canada Community-Building Fund grant program.

Interdepartmental Involvement

Community Services, Financial Services and Corporate Services staff collaborated on this report and the project.

Citizen/Public Relations

The Mt. Washington Steering Group supports the development of a fire hall on Mt. Washington and has not expressed an objection to the use of the AAP as the mechanism to seek elector assent.

A communications plan has been developed and budgeted for this project that includes:

- Website maintenance to keep the residents apprised as the project moves forward;
- A direct mail out to each resident and property owner to:
 - Introduce the website;
 - Provide an anticipated timeline for the project;
 - Provide details regarding the AAP; and
 - Provide all information required by residents and property owners to make an informed choice.